



**MESSAGES OF THE PRESIDENT**  
**CORAZON C. AQUINO**  
**1986-1992**

**BOOK 11 | VOLUME 4**  
Executive Orders Part 2











President Corazon C. Aquino, Eleventh President of the Philippines, Second and Last President of the Fourth Republic and First President of the Fifth Republic.





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# Messages of the President Book 11: Corazon C. Aquino

## Volume 4 Part 2

Presidential Communications Development and Strategic Planning Office

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## INTRODUCTION

As the President's chief message-crafting body, the Presidential Communications Development and Strategic Planning Office (PCDSPO), is mandated to provide strategic communication leadership and support to the Executive Branch, its composite agencies, and instrumentalities of government.

The PCDSPO is also mandated to act as custodian of the institutional memory of the Office of the President. One of our projects is the continuation of the series of books called the Messages of the President, started in 1936 by Jorge B. Vargas, Executive Secretary to President Manuel L. Quezon. The series was a wide collection of executive issuances, speeches, messages, and other official papers of the President. The volumes were intended to serve as the definitive compilation of presidential documents. The series was continued until the Quirino administration, although the series for the Presidential administrations of Presidents Quezon, Roxas, and Quirino were never completed.

In 2010, President Benigno S. Aquino III ordered the revival of the series and the constitution of a complete set, covering all 15 presidential administrations. With pride, we continue what Vargas began.

We would like to extend our gratitude to our partners for without whose gracious cooperation, this project would have not been possible.

A note on organization: Each presidential administration's messages are in book form, compiled and subdivided into volumes. The books are as follows:

- Book 1: Emilio Aguinaldo
- Book 2: Jose P. Laurel
- Book 3: Manuel L. Quezon
- Book 4: Sergio Osmeña
- Book 5: Manuel Roxas
- Book 6: Elpidio Quirino
- Book 7: Ramon Magsaysay
- Book 8: Carlos P. Garcia
- Book 9: Diosdado Macapagal
- Book 10: Ferdinand E. Marcos
- Book 11: Corazon C. Aquino
- Book 12: Fidel V. Ramos
- Book 13: Joseph Ejercito Estrada
- Book 14: Gloria Macapagal-Arroyo
- Book 15: Benigno S. Aquino III

Each book is subdivided into the following volumes:

- Volume 1: Official Weeks/Months in Review
  - Volume 2: Appointments and Designations
  - Volume 3: Historical Papers and Documents
  - Volume 4: Executive Orders
  - Volume 5: Administrative Orders
  - Volume 6: Proclamations
-

Volume 7: Other issuances

Volume 8: Cabinet minutes

We hope that this collection will be a useful and vital reference for generations to come.

## PREFACE

On July 30, 2010, President Benigno S. Aquino III issued Executive Order No. 4, which effectively renamed what was previously called the Malacañang Museum into the Presidential Museum and Library (PML) and placed it under the supervision and control of the Presidential Communications Development and Strategic Planning Office (PCDSPO). The PML is responsible for preserving, managing, and promoting the history and heritage of the Philippine presidency. It is the principal historical and artistic repository in support of the institution of the presidency, for the benefit of the Republic and the Filipino people. In partnership with the PCDSPO, which has pioneered the publication of the Official Gazette of the Republic of the Philippines as a web archive and information website, the PML has taken this mandate and placed it on the cutting edge of the information age.

Much has been done over the past years, under the administration of President Aquino III, to digitize executive issuances, speeches, letters, and other presidential papers; and publish them online. The project is not limited to a single administration, nor does it discriminate. This collection, published as databases, as well as print and e-publications, includes documents from the presidency of Emilio Aguinaldo to the current Aquino administration. This represents the government's allegiance to transparency, continuity, and the fostering of an informed citizenry, as well as an effort, in earnest, to preserve the institutional memory of the Presidency. All this was done not just for the posterity, but for the current generation and the ongoing task of nation building.

The PML are proud partners of the Official Gazette and PCDSPO team, to whom we made the collections available. We sincerely hope that this series will serve as a vital reference to educators, students, journalists, lawyers, historians, and the public at large.



## FOREWORD

This is the fourth volume of President Corazon C. Aquino's official papers, which constitutes the 11th book of the Messages of the President series. The series was started in 1936 by Executive Secretary Jorge B. Vargas, during the first year in office of Manuel L. Quezon, the first President of the Commonwealth of the Philippines. This volume collects President Aquino's Executive Orders, which provide for rules of a general or permanent character in implementation or execution of constitutional or statutory powers.



## BOOK 11

### PRESIDENT CORAZON C. AQUINO

President Corazon C. Aquino was the eleventh President of the Philippines and was the second and last President of the Fourth Republic. She was the first female President of the Philippines succeeding the presidency of Ferdinand E. Marcos. Known for leading the People Power Revolution in 1986, which restored democracy in the country, President Corazon C. Aquino assumed office on February 25, 1986, and was President until June 30, 1992.

The Executive Issuances of President Corazon C. Aquino began with Proclamation No. 1, signed on February 25, 1986 and ended with Proclamation No. 932 that was signed on June 29, 1992.

President Corazon C. Aquino's documents were gathered from its official sources such as the Official Gazette of the Philippines; Malacañang Records Office's Book of Executive Issuances; SONA Technical Report; Malacañang Journal; and the Dictatorship and Revolution: Roots of People's Power.

The American Psychological Association (APA) style was used for the citation. The titles that have been provided by the researchers are enclosed in square brackets, considering that the exact wordings and its order were not verbatim from the document being described. Book titles are italicized while the speech titles are not. If in any case that the book title is the same as the title of the speech, it is transcribed in italics because it is the book title.





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President Corazon C. Aquino delivers her address during the Conference of Public Librarians.





**MESSAGES OF THE PRESIDENT**

**CORAZON C. AQUINO**

**1986-1992**

**BOOK 11 | VOLUME 4**

**Executive Orders Part 2**



President Corazon C. Aquino before Chief Justice Claudio Teehanee swearing her allegiance to the New Constitution on February 11, 1987. Holding the Bible is President's daughter Ballsy Cruz.



## EXECUTIVE ORDERS

An Executive Order provides for rules of a general or permanent character in implementation or execution of constitutional or statutory powers. The Executive Orders of President Corazon C. Aquino began on February 28, 1986 with Executive Order No. 1 and ended on June 26, 1992 with Executive Order No. 522.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 131-A**  
**SUSPENDING THE IMPLEMENTATION OF EXECUTIVE ORDER NO. 131,**  
**DATED JANUARY 30, 1987**

WHEREAS, Executive Order No. 131 was issued by the President to reorganize the Ministry of Natural Resources;

WHEREAS, in the aforesaid reorganization measure, the Ministry of Environment, Energy and Natural Resources was identified as the line agency for the formulation and supervision of the government's resource development program on a unified and coordinated manner;

WHEREAS, new developments necessitate a review of the prior decision to combine the aspects of energy, environment, and natural resources in one Department;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The implementation of Executive Order No. 131 is hereby suspended.

SECTION 2. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 3. This Executive Order shall take effect immediately.

Done in the City of Manila, this 6th day of March, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

OFFICE OF THE PRESIDENT  
OF THE PHILIPPINES  
MALACAÑANG

**EXECUTIVE ORDER NO. 132**  
**REORGANIZING THE DEPARTMENT OF FOREIGN AFFAIRS**

WHEREAS, under Article II, Section 1, of the Provisional Constitution, as adopted in Proclamation No. 3 dated March 25, 1986, the President shall give priority to measures to achieve the mandate of the people to completely reorganize the government;

WHEREAS, Article XVIII, Section 16, of the 1987 Constitution recognizes that the reorganization of the government shall be continued even after the ratification of the Constitution;

WHEREAS, under Article XVIII, Section 6, of the 1987 Constitution, the President shall continue to exercise legislative powers until the First Congress is convened;

WHEREAS, the reorganization of the Department of Foreign Affairs must be undertaken in the context and furtherance of a unified government approach to foreign affairs, characterized by institutionalized, regular, and systematic coordination among all the departments involved, as well as by coherent planning and efficient implementation of the nation's foreign policy objectives:

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. Title. This Executive Order shall otherwise be known as the Reorganization Act of the Department of Foreign Affairs.

SEC. 2. Reorganization. The Department of Foreign Affairs, hereinafter referred to as Department, is hereby reorganized, structurally and functionally, in accordance with the provisions of this Executive Order.

SEC. 3. Declaration of Policy. It is the policy of the State to pursue an independent foreign policy in order to more resolutely design and harness its foreign relations in the active pursuit of rapid national recovery and sustained long-term growth and development, within the framework of national sovereignty, security, territorial integrity, national interest, right to self-determination and commitment to international peace.

SEC. 4. Mandate. The Department shall advise and assist the President in planning, organizing, directing, coordinating, integrating and evaluating the total national effort in the field of foreign relations:

SEC. 5. Powers and Functions. To carry out its mandate and accomplish its mission, the Department shall undertake the following functions.

- Conduct the country's foreign relations in accordance with the policies laid down by the President;
- (b) Maintain and develop the country's representation with foreign governments;
- (c) Conduct Philippine representation in the United Nations, the Association of Southeast Asian Nations (ASEAN), and other international and regional organizations;

- 
- (d) Serve as the channel for matters involving foreign relations, including official communications to and from the Republic of the Philippines;  
Negotiate treaties and other agreements pursuant to instructions of the President, and in coordination, when necessary, with other government agencies;
  - (f) In cooperation with other government agencies and the private sector, promote trade, investments, tourism, and other economic relations with other countries;  
Foster cultural relations with other countries and protect and enhance the Philippines' image abroad;  
In cooperation with other government agencies, undertake efforts to inform the international community about the Philippines;
  - (i) Protect and assist the Philippine nationals abroad;
  - (j) Carry out legal documentation functions as provided for by laws and regulations;
  - (k) Monitor and analyze events in other countries and report them, as appropriate, to the President and other government agencies;
  - l In cooperation with other government agencies, initiate, formulate, integrate, and submit to the President short-, medium-, and long-range foreign policy plans and programs;
  - (m) Supervise and direct all officials and employees assigned by the Department and other government agencies to Foreign Service establishments abroad in accordance with the pertinent laws, rules and inter-agency agreements;
  - (n) Recruit, maintain and develop a professional career foreign service based on merit.

SEC. 6. Secretary of Foreign Affairs. The authority and responsibility of the Department for the discharge of its powers and functions shall be vested in the Secretary of Foreign Affairs, hereinafter referred to as Secretary, who shall be appointed by the President and shall have supervision and control over the Department and the Foreign Service.

The Secretary may designate as Special Advisers such Chiefs of Mission on home assignment on specific areas of their expertise as may be required by the exigencies of the service. The Secretary may also create such advisory boards and committees as he may deem necessary to assist and provide him with advice in the formulation of substantive policies, and such other bodies required by existing laws, rules and regulations.

SEC. 7. Functions of Secretary. The Secretary shall have the following functions:

- Act as the primary and principal adviser of the President in the field of foreign relations;
  - (b) Advise the President on the promulgation of executive orders, rules and regulations, proclamation and other issuances relative to matters under the jurisdiction of the Department:  
Establish policies and standards for the efficient and effective operation of the Department in accordance with the programs and projects;  
Promulgate rules and regulations necessary to carry out the Department's objectives, policies, plans, programs and projects;  
Exercise supervision and control over all functions and activities of the Department;  
Supervise all attached agencies and corporations in accordance with law;  
Delegate authority for the performance of any function to officers and employees of the Department;
  - (h) Perform other functions as may be provided by law or appropriately assigned by the President.
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SEC. 8. Organizational Structure. The Department shall have the following organizational units:

(a) Department Proper:

) Office of the Secretary, including his immediate staff, the Office of the Legal Adviser, the Office of Coordination, Inspection and Policy Planning, the Office of Data Banking and Communication, the Office of Protocol, State and Official Visits, the Office of Intelligence and Security, and the Office of International Economic Relations. In addition, the following shall be directly under the supervision of the Secretary:

- (i) Foreign Service Institute
- (ii) UNESCO National Commission of the Philippines
- (iii) Technical Assistance Council

- (2) Offices of the Undersecretaries, including their respective immediate staffs;
- (3) Offices of the Assistant Secretaries, including their respective immediate staffs;

(b) General Support Staff:

- (1) Cultural Affairs and Public Information Service;
- (2) Administrative Service;

Home Offices:

- (1) Office of Asian and Pacific Affairs;
- (2) Office of Middle East and African Affairs;
- (3) Office of American Affairs;
- (4) Office of European Affairs;
- (5) Office of ASEAN Affairs;
- (6) Office of United Nations and International Organizations;

Operations and Foreign Service Units:

- (1) Secretariat on Foreign Policy Implementation;
- (2) Office of Consular Affairs;
- (3) Philippine Embassies, Consulates, Legations and Permanent Missions.

SEC. 9. Undersecretaries. The Secretary may be assisted by three (3) Undersecretaries, who shall be appointed by the President upon the recommendation of the Secretary. The Secretary shall determine and assign the functional area of responsibility of each Undersecretary.

SEC. 10. Functions of Undersecretary. Within his area of responsibility, an Undersecretary shall have the following functions:

- (a) Advise the Secretary on the promulgation of Department orders, administrative orders and other issuances;
  - (b) Exercise supervision and control over the units and personnel under his responsibility;
-

- 
- (c) Promulgate rules and regulations, consistent with Department policies, that will effectively implement the activities of units and personnel under his responsibility;
  - (d) Coordinate the functions and activities of units and personnel under his responsibility with those of units and personnel under the responsibility of the other Undersecretaries;
  - (e) Exercise delegated authority on substantive and administrative matters related to the functions and activities of units and personnel under his responsibility, to the extent granted by the Secretary through administrative issuances;
  - (f) Perform other functions as may be provided by law or appropriately assigned by the Secretary.

SEC. 11. Assistant Secretaries. The Secretary shall also be assisted by six (6) Assistant Secretaries who shall be appointed by the President upon recommendation of the Secretary. The Secretary shall delineate the respective area of responsibility of each Assistant Secretary.

SEC. 12. Office of the Legal Adviser. There is hereby created an Office of Legal Adviser. It shall be headed by a Legal Adviser who shall provide legal advice and services to the Department, including legal counselling services in the negotiation of treaties and international agreements.

SEC. 13. Office of Coordination, Inspection and Policy Planning. The Office of Coordination, Inspection and Policy Planning is hereby created and shall provide staff support to the Secretary and assist the Department in establishing a specialized competence on foreign policy planning and review and treaty development and evaluation. It shall, in connection therewith, assemble or assist in assembling the necessary inter-agency bodies, and in all instances, coordinate its activities with the relevant government agencies. For such purposes, it shall have the following functions:

- Assist the Secretary on all matters regarding foreign policy planning and studies;
  - Provide, or participate in, the secretariat functions for Cabinet Department level Committees dealing on foreign policies;
  - Lead or participate in inter-agency sub-committees dealing on foreign policy matters;
  - (d) Undertake Department-wide integration, rationalization, and evaluation of political, diplomatic, and security plans and programs including current and prospective Department-initiated foreign treaties and agreements;
  - Initiate and maintain, or assist in maintaining, the integration and rationalization of economic, trade, finance, scientific, and tourism plans and programs including current and prospective treaties and agreements, with political, diplomatic, legal, and security plans and programs;
  - In coordination with the National Economic and Development Authority (NEDA), provide the secretariat for an inter-agency Annual National Foreign Policy Planning Conference that shall initially generate recommendations on the long-term, five-year, and annual Foreign Policy Plans and Country Programs, and update them annually;
  - (g) Conduct an annual Department-wide Planning and Program Evaluation Conference to assess plan implementation and formulate or reformulate Department plans and programs accordingly and synchronize them with national foreign policy plans and programs;
  - (h) Undertake policy and strategic studies relevant to its functions;
  - (i) Initiate, coordinate and integrate the planning of foreign policy;
  - Perform other related functions as may be assigned by the Secretary
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SEC. 14. Office of Data Banking and Communication. The Office of Data Banking and Communication is hereby created to establish and maintain the most modern data center feasible in the Department. For such purpose, it shall have the following functions:

- (a) Assist the Secretary on all matters regarding data banking and information retrieval;
- (b) Establish, maintain and develop a computerized foreign-relations data bank that shall continuously seek to be the most complete repository of all data and information on Philippine foreign relations and foreign developments;  
Establish, maintain and develop both the domestic and foreign service communications system including efficient flow systems for all correspondence between and among all Department units;  
Establish, maintain and develop the records system of the entire Department;
- (e) Provide technical assistance, whenever requested, to any service, office, or attached agency of the Department, on matters within its competence;
- (g) Perform other related functions as may be assigned by the Secretary

SEC. 15. Office of Protocol, State and Official Visits. The Office of Protocol, State and Official Visits shall coordinate preparations for state visits, the reception of the heads of States and of Governments, and of the highest foreign dignitaries, visiting the Philippines, including official visits of the Philippine officials abroad, as may be determined by the President. It shall also be responsible for handling all activities of the Department concerning protocol, ceremonials and socials; the proper observance and enforcement of all formalities, courtesies, facilities, immunities and privileges required by the Vienna Convention on Diplomatic Relations and Consular Relations, and other applicable conventions and agreements.

SEC. 16. Office of Intelligence and Security. The Office of Intelligence and Security shall adopt a system of information gathering and analysis, liaison with the intelligence community and provide security services in the Department. It shall likewise undertake enforcement and monitoring of security procedures in the Department and Foreign Service establishments.

SEC. 17. Office of International Economic Relations. The Office of International Economic Relations shall be responsible for conducting the programs and activities of the Department in the fields of international trade, finance and economics; coordinate with the regional offices and the Office of United Nations and International Organizations; and in coordination with the Department of Trade and Industry, conduct trade and investment promotion activities of the Department.

The Board of Overseas Economic Promotion is hereby abolished, and its functions and duties transferred to the Office of International Economic Relations

SEC. 18. Foreign Service Institute. The Foreign Institute shall continue to operate under its charter, but shall be revitalized as the training, research, and career development arm of the Department, in accordance with such rules as may be prescribed by the Secretary. The Institute shall be an integral participant in the planning review process in the Department.

SEC. 19. UNESCO National Commission of the Philippines. The UNESCO National Commission of the Philippines shall advise the Philippine delegation to the United Nations Educational, Scientific and Cultural Organization (UNESCO) conference, and the Philippine Government, in matters relating to the UNESCO and shall function as a liaison agency in all matters of interest to it.

SEC. 20. Technical Assistance Council. The Technical Assistance Council shall continue to perform its present functions including the conduct and expansion of its programs.

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SEC. 21. Board of Foreign Service Administration. The Board of Foreign Service Administration shall be attached to the Office of one Undersecretary and shall be composed of the Undersecretary as Chairman, and all the Assistant Secretaries, as members.

The Board shall be responsible for considering and recommending policies for the efficient and economical discharge of the administrative operations of the Department and the Foreign Service. It shall also consider and submit recommendations on policy and other important matters concerning personnel, including the appointment, assignment, and promotion of all Foreign Service Staff Employees, Foreign Service Staff Officers as well as to recommend, through the Secretary, to the President the appointment and promotion of Foreign Service Officers, Counsellors and Chiefs of Missions. It shall likewise act and submit recommendations on administrative cases involving personnel of the Department and the Foreign Service.

SEC. 22. Law of the Sea Secretariat. The Law of the Sea Secretariat is hereby transferred to the Department as an ad hoc body under the Office of one Undersecretary and shall continue to discharge its functions.

SEC. 23. Cultural Affairs and Public Information Services. The Cultural Affairs and Public Information Services is hereby created and shall initiate, coordinate, integrate, rationalize, monitor, report and evaluate cultural plans, programs and projects. It shall likewise be responsible for the Department's relations with local and foreign media and pertinent institutions, as well as the regular dissemination of relevant information to all foreign service establishments.

SEC. 24. Administrative Service. The Administrative Service is hereby created and shall provide the Department with services relating to personnel, facilities maintenance, medical and dental, and property and procurement, budget and finance, and accounting. For such purposes, it shall have the following functions:

- (a) Advise the Secretary or Undersecretary concerned regarding administrative and financial matters;
- (b) Develop and supervise the implementation of an integrated personnel plan that shall include career promotion, performance evaluation, job rotation, health and welfare services and personnel management;
- (c) Develop and maintain an efficient and effective property procurement, maintenance and security system; establish a Department-wide asset control system;
- (d) Undertake the budgeting, finance and accounting functions of the Department and develop efficient system and procedures in this regard;
- (e) Perform other related functions as may assigned by the Secretary.

The Administrative Service shall have the following constituent offices:

- (a) Office of Personnel Management;
- (b) Office of Budget and Finance;
- (c) Office of Property and Asset Control

SEC. 25. Home Offices. The Home Offices enumerated under Section 8 (c) hereof shall have the following functions:



Assist the Secretary or appropriate Undersecretary through the Assistant Secretary concerned on all matters relating to specific countries and international organizations under their respective territorial or sectoral jurisdictions provided herein below;

Monitor the activities and operations of the Philippine foreign service units in the countries or sectors under their respective territorial or sectoral jurisdictions provided herein below;

Apprise the Philippine foreign service units under their respective jurisdiction of foreign policy developments in the Philippines including the creation or establishment of foreign relations-related entities and services, particularly those that will be based or shall have branches abroad;

Evaluate specific issues transmitted by their respective foreign service units and recommend appropriate responses to them;

Generate, on a regular basis, country briefs and reports on international organizations within their respective jurisdictions;

Lead or assist in the formulation of Philippine positions on bilateral or multilateral treaties or agreements with countries or international organizations under their respective jurisdictions and lead or assist in the actual negotiation process;

Perform other related functions as may be assigned by the Secretary.

The territorial or sectoral jurisdictions of the respective Home Offices shall be as follows:

- (1) Office of Asian and Pacific Affairs: Japan and the Northeast Asian Countries, China, the Central Asian countries, the Southeast Asian and Pacific countries;
- (2) Office of Middle East and African Affairs: the Gulf States, the Middle Eastern and North African countries, the Western African States and the Eastern African countries;
- (3) Office of American Affairs: United States, Canada, the Central American and Caribbean countries, and the South American States;
- (4) Office of European Affairs: Union of Soviet Socialist Republics, the Western European countries and the Central European countries;
- (5) Office of ASEAN Affairs: ASEAN Agriculture and Transport, Trade and Finance, Social and Cultural, Industry and Technology;
- (6) Office of United Nations and International Organizations: United Nations, United Nations specialized agencies, and international organizations.

SEC. 26. Secretariat on Foreign Policy Implementation. The Secretariat on Foreign Policy Implementation is hereby created as the central body to assist, coordinate, and monitor the organization of inter-agency missions negotiating foreign policies and agreements here and abroad. For such purposes, it shall have the following functions:

- (a) Provide liaison services between government agencies and Department units, including units under the various Cabinet committees and sub-committees, and initiating foreign and international entities; provide liaison service on proposed or planned transactions involving Philippine foreign policy and relations;
- (b) Coordinate inter-agency efforts in the formation, launching, and provision of needed support for Department or inter-agency negotiating missions abroad tasked with implementing specific Philippine foreign policies, exclusive of those implemented by regular Philippine foreign service units;

- (c) Monitor the progress of international negotiations and activities of Philippine missions here and abroad and submit progress reports to the President through the Secretary;
- (d) Perform other related functions as may be assigned by the Secretary.

The Secretariat shall be composed of a core staff of Department career personnel but shall be augmented by personnel detailed from other concerned agencies.

SEC. 27. Office of Consular Affairs. The Office of Consular Affairs, presently existing, is hereby retained. It shall be responsible for the efficient and effective discharge of passport, visa, and authentication services as well as the provision of requisite assistance to Filipino citizens both here and abroad.

SEC. 28. The Foreign Service. All Philippine embassies, consulates, legations and permanent missions, presently existing, shall continue with their present functions subject to the provision herein below.

The Secretary is hereby ordered to conduct a study and submit to the President within one hundred twenty (120) days from the approval of this Executive Order the following:

- A reclassification of diplomatic and consular establishments using, among others, the following criteria of national interest: economic-trade interests, number of Filipino resident nationals, geopolitical significance of the post and historical-cultural considerations;
- (b) A reshuffling plan for foreign service personnel strictly adhering to the policy of placing personnel in posts where he or she has had the best preparation or training for and in accordance with the standing policy on rotation of assignments such that no personnel shall remain at one post for an unreasonably extended period;
- (c) Recommendations on the consolidation of diplomatic and consular posts and the creation of others in accordance with the policy expressed in Section 3 hereof;
- (d) Measures to realize the efficient and effective supervision and control by the Department of foreign service posts and establishments therein of other departments and agencies;

SEC. 29. Attached Agencies. The following shall be complied with:

The Office of International Affairs is hereby attached to the Department but shall continue to serve as the permanent secretariat for the Cabinet's Foreign Policy Council and the Committee on Foreign Relations;

The Board of Foreign Service Examiners, shall continue to be attached to the Department: Provided, That the membership of the Board shall be reconstituted to be composed of the Assistant Secretary in charge of the Administrative Service as chairman and a Commissioner of the Civil Service Commission designated by the Chairman of said Commission and the Director of the Foreign Service Institute as members.

SEC. 30. Transitory Provision. In accomplishing the acts of reorganization herein prescribed, the following transitory provisions shall be complied with, unless otherwise provided elsewhere in this Executive Order.

The transfer of a government unit shall include the functions, appropriations, funds, records, equipment, facilities, choses in action, rights, other assets, and liabilities, if any, of the transferred unit as well as the personnel thereof, as may be necessary, who shall, in a hold-

over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits: Provided, That those personnel of the transferred unit whose positions are not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary or who are not reappointed shall be deemed separated from the service and shall be entitled to the benefits provided under the second paragraph of Section 31 hereof.

The transfer of functions which results in the abolition of the government unit that has exercised them shall include the appropriations, funds, records, equipments, facilities, choses in action, rights, other assets and personnel as may be necessary to the proper discharge of the transferred functions. The abolished unit's remaining appropriations and funds, if any, shall revert to the General Fund and its remaining assets, if any, shall be allocated to such appropriate units as the Secretary shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Its personnel shall, in a hold-over capacity continue to perform their duties and responsibilities and receive the corresponding salaries and benefits: Provided, That its personnel, whose positions are not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary under Section 31 hereof or who are not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided under the second paragraph of the same Section 31.

- (c) The transfer of functions which does not result in the abolition of the government unit that has exercised them shall include the appropriations, funds, records, equipment, facilities, choses in action, rights, other assets and personnel as may be necessary to the proper discharge of the transferred functions. The liabilities if any, that may have been incurred in connection with the discharge of the transferred functions, shall be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Its personnel shall, in a hold-over capacity continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits: Provided, That any personnel, whose position is not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary under Section 31 hereof or who has not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided under the second paragraph of the same Section 31.
- (d) In case of the abolition of a government unit which does not result in the transfer of its functions to another unit, the appropriations and funds of the abolished unit shall revert to the General Fund, while the records, equipment, facilities, choses in action, rights, and other assets thereof shall be allocated to such appropriate units as the Secretary shall determine. The liabilities of the abolished unit shall be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations, while the personnel thereof, whose positions are not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary under Section 31 hereof or who have not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided under the second paragraph of the same Section 31.

In case of merger or consolidation of government units, the new or surviving unit shall exercise the functions (subject to the reorganization herein prescribed and the laws, rules and regulations pertinent to the exercise of such functions) and shall acquire the appropriations, funds, records, equipment, facilities, choses in action, rights, other assets, liabilities if any, and personnel, as may be necessary, of (1) the units that compose the merged unit or (2) the

absorbed unit, as the case may be. Such personnel shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits: Provided, That any such personnel, whose position is not included in the new position structure and staffing pattern approved and prescribed by the Secretary under Section 31 hereof or who is not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided under the second paragraph of the same Section 31. In case of termination of a function which does not result in the abolition of the government unit which has performed such function, the appropriations and funds intended to finance and discharge of such function shall revert to the General Fund, while the records, equipment, facilities, choses in action, rights and other assets used in connection with the discharge of such function shall be allocated to the appropriate units as the Secretary shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The liabilities, if any, that may have been incurred in connection with the discharge of such function shall likewise be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The personnel who have performed such functions, whose position are not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary under Section 31 hereof or who have not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided under the second paragraph of the same Section 31.

SEC. 31. New Structure and Pattern. Upon approval of this Executive Order, the officers and employees of the Department shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits.

The new position structure and staffing pattern of the Department shall be approved and prescribed by the Secretary within one hundred twenty (120) days from the approval of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by him or by the President, as the case may be. Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one-month basic salary for every year of service or fraction thereof, computed on the basis of the highest salary received, but in no case shall such payment exceed the equivalent of twelve (12) months salary.

SEC. 32. Periodic Performance Evaluation. The Secretary is hereby required to formulated and enforce a system of measuring and evaluating periodically and objectively the performance of the Department and submit the same annually to the President.

SEC. 33. Notice or Consent Requirement. If any reorganizational change herein authorized is of such substance or materiality as to prejudice third persons with rights recognized by law or contract such that notice to or consent of creditors is required to be made or obtained pursuant to any agreement entered into with any of such creditors, such notice or consent requirement shall be complied with prior to the implementation of such reorganizational change.

SEC. 34. Prohibition Against Change. No change in the reorganization herein prescribed shall be valid except upon prior approval of the President for the purpose of promoting efficiency and effectiveness in the delivery of public services.

SEC. 35. Funding. Funds needed to carry out the provisions of this Executive Order shall be taken from funds available in the Department.

SEC. 36. Implementing Authority of Secretary. The Secretary shall issue such rules, regulations and other issuances as may be necessary to ensure the efficient and effective implementation of the provisions of this Executive Order.

SEC. 37. Separability. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SEC. 38. Repealing Clause. All laws, ordinances, rules, regulations, other issuances or parts thereof, which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.

SEC. 39. Effectivity. This Executive Order shall take effect immediately upon its approval.

APPROVED in the City of Manila, Philippines, this 27th day of February, in the Year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

OFFICE OF THE PRESIDENT  
OF THE PHILIPPINES  
MALACANANG

**EXECUTIVE ORDER NO. 133**  
**REORGANIZING THE DEPARTMENT OF TRADE AND INDUSTRY, ITS ATTACHED**  
**AGENCIES, AND FOR OTHER PURPOSES**

WHEREAS, under Article II, Section 1, of the Provisional Constitution, as adopted in Proclamation No. 3 dated March 25, 1986, the President shall give priority to measures to achieve the mandate of the people to completely reorganize the government;

WHEREAS, Article XVIII, Section 16, of the 1987 Constitution recognizes that the reorganization of the government shall be continued even after the ratification of the Constitution;

WHEREAS, under Article XVIII, Section 6, of the 1987 Constitution, the President shall continue to exercise legislative powers until the first Congress is convened;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order the following:

**SECTION 1. Declaration of Policy.** It shall be the national policy to pursue a private sector based growth strategy, centered on a socially responsible program to deregulate business in a manner that shall encourage private initiative and create a dynamically competitive economic environment, but assure equal opportunity to all members of the business community, whether small or large, and whether rural or urban.

Government shall provide institutional services to the private sector, such as: investment and export promotion, market information, product research and development, technological assistance, manpower training, infrastructure support, fiscal incentives, and such other services that shall facilitate increased international trade, improve national productivity and accelerate industrialization.

Pursuant to this policy, the State shall:

- (a) Uphold the business enterprise as the basis of economic growth, expansion and change;
- (b) Encourage and support private sector initiative, not compete with it;
- (c) Encourage and support the establishment of - and protect - trade, industry and consumer protection institutions that will harmonize and safeguard their members' interests, free from pernicious restraints and practices;
- (d) Institutionalize advisory councils with compositions that are representative of those affected in the concerned industry, for the purpose of private sector participation in trade and industry policy formulation, program implementation and evaluation;
- (e) Assist the private sector in creating just and viable socio-economic structures in trade and industry conducive to greater productivity and higher incomes through cooperative systems of production, processing, marketing, distribution and credit services where applicable, especially among small and medium-scale enterprises;
- (f) Support the development of timely, affordable and appropriate financing schemes for its constituencies;

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- (g) Undertake a thorough study of all trade and industry related laws and regulations for streamlining, simplification and reorganization towards increased entrepreneurial activity and improved industrial productivity.

SEC. 2. Mandate. The Department of Trade and Industry, hereinafter referred to as Department, shall be the primary coordinative, promotive, facilitative and regulatory arm of government for the country's trade, industry and investment activities. It shall act as catalyst for intensified private sector activity in order to accelerate and sustain economic growth through: (a) a comprehensive industrial growth strategy, (b) a progressive and socially responsible liberalization and deregulation program, and (c) policies designed for the expansion and diversification of trade, both domestic and foreign.

SEC. 3. Powers and Functions. To fulfill its mandate the Department is hereby authorized to perform the following powers and functions:

- (a) Plan, implement and coordinate activities of the government related to trade, industry and investments;
  - (b) Promote, initiate, or conduct Annual Trade and Industry Development Planning Conferences between government and the private sector, to be held at the beginning of the third quarter of the budget year;
  - (c) Build up and maintain the currency of the trade and industry data base of the Department's information system through a continuing and well coordinated program of data search and information processing;
  - (d) Develop and maintain an integrated computerized marketing information system for trade, industry and investments with a domestic and international scope;
  - (e) Encourage and support the formation of People's Economic Councils at regional, provincial and municipal levels as well as other trade, industry and consumer protection institutions or associations;
  - (f) Formulate and implement programs to strengthen industries adversely affected by the economic crisis, particularly those that have a good probability of attaining financial viability;
  - (g) Formulate plans and programs that shall encourage projects which effect dispersal of industries to the rural areas, promote manufactured goods for export, and develop small and medium scale industries;
  - (h) Upgrade and develop the manufacture of local capital goods and precision machinery components;
  - (i) Formulate and administer policies and guidelines for the investment priorities plan and the delivery of investment incentives;
  - (j) Assist the investment one-stop action center in pursuing the latter's objective of providing under one roof all investment assistance services of the government, in accordance with established policies and guidelines;
  - (k) Coordinate efforts in formulating long term industry sectoral plans with the private sector;
  - (l) Formulate the appropriate mechanics to guide and manage the transfer of appropriate industrial technology in the country;
  - (m) Formulate country and product export strategies which will guide the export promotion and development thrusts of the government;
  - (n) Implement programs and activities geared towards the overseas promotion of Philippine exports in overseas markets;
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- (o) Take the primary role in negotiating and reviewing existing international trade agreements, particularly those affecting commodity quotas limiting existing exports of Philippine products to determine programs for renegotiations of more favorable terms;
  - (p) Promote domestic trade, marketing and distribution to ensure the rational, economical and steady flow of commodities from producing and/or marketing centers to areas in short supply;
  - (q) Promote, develop, regulate and accredit repair and service enterprises in accordance with existing laws, Executive Order No. 709 (1981) notwithstanding;
  - (r) Formulate and implement regulations for the protection of industrial property rights and in particular, patents and trademarks;
  - (s) After due notice and hearing, establish orderly marketing arrangements for locally produced and imported manufactured goods, and for raw materials used by manufacturing and construction;
  - (t) Administratively adjudicate and impose reasonable fines and penalties for violation of existing trade and industry laws;
  - (u) Prepare, for consideration of the Monetary Board, proposed programs in the commercial banking sector for directing commercial lending facilities towards priority areas of commercial and industrial development, as well as coordinate government direct funding and financial guarantee programs to achieve trade and industry growth;
  - (v) Create, in cooperation and coordination with the Department of Labor and Employment, a center which will provide assistance to the public relative to industrial relations;
  - (w) Issue subpoena and subpoena duces tecum to compel the attendance of witnesses and the production of the necessary information, papers and documents which it may deem necessary in the exercise of its powers and functions;
  - (x) Prescribe and enforce compliance with such rules and regulations as may be necessary to implement the intent and provisions of this Executive Order, which rules and regulations shall take effect immediately following their publication in two newspapers of general circulation in the Philippines;
  - (y) Perform such other functions as may be necessary or incidental in carrying into effect the provisions of this Executive Order and as may be provided by law.

SEC. 4. Secretary of Trade and Industry. The authority and responsibility for the exercise of the mandate of the Department and for the discharge of its powers and functions are hereby vested in the Secretary of Trade and Industry, hereinafter referred to as Secretary, who shall be appointed by the President.

There is hereby created in the Office of the Secretary the Office of Special Concerns to attend to matters that require special attention, whether involving a matter that crosses several functional areas, demands urgent action, or otherwise necessitates, in the Secretary's opinion, attention by a special group. To enable the Secretary to accomplish said authority and responsibility and exercise said supervision and control, he shall perform the following functions:

- (a) Advise the President of the Philippines on matters related to trade, investments, and Industry, and on the promulgation of Department orders, rules, regulations and other issuances related to trade, industry and investments;
  - (b) Establish policies and standards for the effective, efficient, and economical operations of the Department in accordance with the programs of government;
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- (c) Promulgate rules and regulations necessary to carry out Department objectives, policies, plans, programs, and projects;
  - (d) Exercise supervision and control over all offices, functions and activities of the Department;
  - (e) Delegate authority for the performance of any administrative or substantive function to any Undersecretary or other officials of rank at the Department;
  - (f) Considering the complexities involved in matters of trade and industry, ensure the clear delineation of the functions of the personnel and constituent units of the Department, including agencies attached to it, so as to prevent duplications or overlapping thereof;
  - (g) Perform such other functions as may be provided by law or appropriately assigned by the President.

SEC. 5. Undersecretaries. The Secretary shall be assisted by five (5) Undersecretaries, who shall all be appointed by the President upon the recommendation of the Secretary, by performing the following functions within the respective area of responsibilities:

- (a) Advise the Secretary in the promulgation of Department orders, administrative orders, and other issuances;
- (b) Exercise supervision over the offices, services, operating units and individuals under their authority and responsibility;
- (c) Formulate office rules and regulations, consistent with those of the Department policies, that will effectively implement the activities of operating units under their authority and responsibility;
- (d) Coordinate the functions and activities of the units under their authority with those of the other Undersecretaries;
- (e) Exercise delegated authority on substantive and administrative matters related to the functions and activities of agencies under their office to the extent granted by the Secretary through administrative issuances;
- (f) Perform other functions as may be provided by law or appropriately assigned by the Secretary.

SEC. 6. Assistant Secretaries. The Secretary shall also be assisted by five (5) Assistant Secretaries who shall be appointed by the President upon the recommendation of the Secretary. The Secretary is hereby authorized to delineate and assign the respective areas of functional responsibility of the Assistant Secretaries. Within his functional area of responsibility, an Assistant Secretary shall assist the Secretary and the Undersecretaries in the formulation, determination and implementation of laws, policies, plans, programs and projects on trade and industry and shall oversee the day-to-day administration of the constituent units of the Department.

SEC. 7. Structural Organization. The Department shall consist of the Department Proper, National Service Centers, Regional Offices and Line Corporate Agencies and Government Entities.

SEC. 8. Staff Bureaus and Services. The Bureaus and Service Units shall be responsible for research, formulation of policy, development of standards, framing of rules and regulations, program formulation and program monitoring, related to the concerns covered by the Department's mandate, powers, and functions. Implementation of such policies, standards, rules and regulations, and programs shall be the responsibility of the Department's Line Operating Units.

SEC. 9. Department Line Operating Units. The Department Line Operating Units shall be composed of the following:

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- (a) Regional Offices. These are offices which shall be located in the National Capital Region and each of the twelve (12) other administrative regions of the country. They shall be operated and maintained on a Department-wide basis, acting as implementing arms in the regions under their jurisdiction, of the Department's policies, programs, rules and regulations as well as those laws which the Department is mandated to enforce.
  - (b) National Service Centers. These are organic units of the Department, as well as government-owned and controlled corporations under the administrative supervision of the Department which are deemed to be integral parts of the Department structure notwithstanding their organizational form, and which perform extension or assistance services to the private sector, the benefits of which transcend the boundaries of regional jurisdictions.
  - (c) Line Corporate Agencies and Government Entities. These are the government entities and the government-owned or controlled corporations under the administrative supervision of the Department which are deemed to be integral parts of the Department structure notwithstanding their organizational form, and which perform a focal and implemental role in the Department's programs for the development of trade, industry and investments.

SEC. 10. Department Proper. The Department Proper shall be composed of the following Offices, Bureaus, and Services:

- (a) Office of the Secretary: Office of Policy Research; Office of Operational Planning; Office of Legal Affairs; Human Resource Development Service; General Administrative Service; Management Information Service; Financial Management Service; Public Relations Office; Trade and Investment Information Center; and National Industrial Manpower Training Council. The aforementioned Offices and Services within the Office of the Secretary shall be supervised by the Undersecretary for Policy Planning and Support Services;
- (b) Office of the Undersecretary for Industry and Investments: Board of Investments; Export Processing Zone Authority; Bureau of Small and Medium Business Development; Bureau of Import Services; Iron and Steel Authority; Construction Industry Authority of the Philippines;
- (c) Office of the Undersecretary for Domestic Trade: Bureau of Patents, Trademarks, and Technology Transfer; Bureau of Trade Regulation and Consumer Protection; Bureau of Domestic Trade Promotion; Bureau of Product Standards; Videogram Regulatory Board;
- (d) Office of the Undersecretary for International Trade: Bureau of Export Trade Promotion; Bureau of International Trade Relations; Philippine International Trading Corporation; Garments and Textile Export Board; International Coffee Organization - Certifying Agency; Foreign Trade Service Corps; Center for International Trade Expositions and Missions; Bonded Export Marketing Board; Philippine Shippers' Council; Philippine Trade Training Center; Product Development and Design Center of the Philippines;
- (e) Office of the Undersecretary for Regional Operations: Office for Luzon Operations; Office for Visayas Operations; Office for Mindanao Operations.

SEC. 11. Office of the Secretary. The Office of the Secretary shall consist of the Secretary, his immediate staff, the Undersecretary for Policy Planning and Support Services, and the Offices and Services directly supportive of the Office of the Secretary. The functions of the foregoing shall be:

- (a) The Undersecretary for Policy Planning and Support Services shall supervise the Office of Policy Research, the Office of Operational Planning, the Office of Legal Affairs, the Human
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Resource Development Service, the General Administrative Service, the Management Information Service, the Financial Management Service and the Public Relations Office.

- (b) The Office of Policy Research shall coordinate and help formulate general trade and industry policies for the Department; evaluate the effectiveness of trade and industry programs as such, and their implementation by the Department's Line Operating Units; and research on trade and industry issues for policy analysis and formulation;
  - (c) The Office of Operational Planning shall develop operating plans, programs and projects of the Department as such: supervise the Annual Trade and Industry Development Planning Conferences between government and the private sector; evaluate the cost-effectiveness of various projects and activities of the Department; coordinate the updating of the Department's operating plans in response to relevant environment changes; review the Department's performance against standards and targets previously established; and provide staff services related to the development, monitoring, reporting and assessment of foreign assisted projects of the Department;
  - (d) The Office of Legal Affairs shall provide the Secretary with legal advice on all policy, program, and operational matters of the Department; serve as Counsel for the Department in cases in which it is a party; handle administrative cases against Department personnel and submit recommendations pertaining thereto; and review legislative proposals;
  - (e) The Human Resource Development Service shall design and implement human resource development plans and programs for the personnel of the Department; provide for present and future manpower needs of the organization; maintain high morale and favorable employee attitudes towards the organization through the continuing design and implementation of employee development programs;
  - (f) The Financial Management Service shall formulate and manage a financial program to ensure availability and proper utilization of funds; provide for an effective monitoring system of the financial operations of the Department;
  - (g) The General Administrative Service shall provide services relative to procurement and allocation of supplies and equipment, transportation, messengerial work, cashiering, payment of salaries and other Department obligations, office maintenance, property safety and security, and other utility services; and comply with government regulatory requirements in the areas of performance appraisal, compensation and benefits, employment records and reports;
  - (h) The Management Information Service shall design and implement a comprehensive management information system, both computerized and manual, for the Department; provide technical assistance to the various information generating units within the Department; and establish data exchange linkages with public and private agencies whenever feasible;
  - (i) The Public Relations Office shall perform the Department's public relations function; provide a two-way flow of information between the Department and its constituencies; and coordinate the Secretary's regular press conferences and the Department's relations with the mass media;
  - (j) The Trade and Investment Information Center shall, as the primary information arm of the Department, design and operate a computerized system of collection, documentation, storage, retrieval, and timely dissemination of comprehensive and relevant information on trade, industry, and investment for use by other government agencies and the business sector; coordinate and monitor the information campaigns on the Department's services, programs, and projects; develop a communications program to promote Philippine investment
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opportunities and the country's export products which shall be directed at foreign audiences; and provide creative services to other units of the Department in support of their own information programs;

- (k) The National Industrial Manpower Training Council shall act as the umbrella agency to coordinate and operate the Cottage Industry Technology Centers, the Construction Manpower Development Foundation, and the Construction Manpower Development Center and perform other functions such as initiating specialized industrial training centers identifying supply-demand factors and industrial skills subject to the direction formulated by the National Manpower and Youth Council.

SEC. 12. Office of the Undersecretary for Domestic Trade. The Office of the Undersecretary for Domestic Trade shall include all the staff bureaus and services involved in policy formulation, standards development, programs development, and program monitoring of the development, regulatory, and service delivery programs pertinent to domestic trade and commerce being implemented by the Department's line operating units. The Undersecretary for Domestic Trade shall supervise the following:

- (a) Bureau of Trade Regulation and Consumer Protection. This Bureau shall review the products contained in the critical imports list in accordance with established national standards or relevant international standards and buyer-seller specifications; promulgate rules and regulations necessary for the country's shift to the international system of units; formulate and monitor the implementation of programs for the effective enforcement of laws, correct interpretation and adoption of policies on monopolies and restraint of trade, mislabelling, product misrepresentation and other unfair trade practices; monitor the registration of business names and the licensing and accreditation of establishments and practitioners; protect and safeguard the interest of consumers and the public, particularly the health and safety implications of intrinsic product features, product representation, and the like; and establish the basis for evaluating consumer complaints and product utility failures.
- (b) Bureau of Domestic Trade Promotion. This Bureau shall prepare and monitor the implementation of plans and programs directed at the promotion and development of domestic trade, particularly in the area of efficiency, fairness and balance in the distribution of essential products and services and in the strengthening of the domestic base for export activities; conceptualize, monitor, and evaluate programs, plans and projects intended to create awareness of domestic marketing opportunities for new projects, new technologies and investments.
- (c) Bureau of Patents, Trademarks, and Technology Transfer. This Bureau shall examine applications for grant of letters, patent for inventions, utility models and industrial designs, and the subsequent grant or refusal of the same; register trademarks, tradenames, service marks and other marks of ownership; hear and adjudicate contested proceedings affecting rights to patents and trademarks; receive, process for registration and evaluate technology transfer arrangements as to their appropriateness and need for the technology or industrial property rights, reasonableness of the technology payment, and for the prohibition of restrictive business clauses; and publish regularly in its own publication the patents and trademarks issued and approved by it.
- (d) Bureau of Product Standards. This Bureau shall study and/or research on the various reference materials to be used as basis for the start of whatever analysis or evaluation is demanded by the products under examination or investigation; establish standards for all products of the

Philippines for which no standards have as yet been fixed by law, executive order, rules and regulations and which products are not covered by the standardization activities of other government agencies; participate actively in international activities on standardization, quality control and metrology; ensure the manufacture, production, and distribution of quality products for the protection of consumers; test and/or analyze standardized and unstandardized products for purposes of product standard formulation and certification; extend technical assistance to producers to improve the quality of their products; check length, mass and volume measuring instruments; and maintain consultative liaison with the International Organization for Standardization, Pacific Area Standards Congress, and other international standards organizations.

- (e) Videogram Regulatory Board. This Board shall regulate videogram establishments; prevent unfair practices, unfair competition, pirating of legitimately produced video products, and other deceptive, unfair and unconscionable acts and practices to protect the viewing public and the general public.

SEC. 13. Office of the Undersecretary for International Trade. The Office of the Undersecretary for International Trade shall include all the units involved in policy formulation, standards development, program development, and program monitoring of the development, regulatory, and service delivery programs of the Department pertinent to international trade and commerce being implemented by the Department's line operating units. The Undersecretary for International Trade shall supervise the following:

- (a) Bureau of International Trade Relations. This Bureau shall be the primary agent responsible for all matters pertaining to foreign trade relations, whether bilateral, regional or multilateral, especially market access and market access related matters; formulate positions and strategies for trade negotiations, consultations and conferences as well as supervise trade negotiations, consultations and conferences; coordinate with other Departments and agencies of the Philippine government with the view of assuring consistency in the government's positions in trade negotiations and on other activities pertaining to foreign trade relations; consult with industry groups and provide technical advice and information on the above matters and activities; identify tariff and non-tariff barriers affecting products of export interest to the Philippines, and negotiate measures for liberalizing them at bilateral, regional and multilateral fora; and evaluate and submit recommendations on existing and proposed commercial policies of the Philippines;
- (b) Bureau of Export Trade Promotion. This Bureau shall formulate and monitor programs, plans, and projects pertinent to the development, promotion, and expansion of the foreign trade of the Philippines; formulate country and product export strategies; conduct research on new product development and adaptation opportunities in the export markets, as well as identify the domestic supply base for such products; prepare situation reports on all export production; prepare and update country and regional market profiles; maintain an integrated information system on all aspects of the products and commodities relevant to export marketing; formulate, plan, supervise, coordinate and monitor the implementation of both private and official incoming and outgoing missions, and review the results of such; promote and coordinate international subcontracting arrangements between and among foreign and Philippine investors whereby production operations and facilities may be located in the Philippines; formulate and monitor the implementation of policies and guidelines for

the registration and certification of bona fide exporters eligible for the various export incentive programs of the Philippines; and review and identify appropriate measures to minimize or deregulate export-import procedures and other foreign trade laws necessary to stimulate the international marketing of Philippine products;

- (c) Foreign Trade Service Corps. This Corps shall assist Philippine businessmen, producers, and exporters with marketing information, project development support, and liaison with foreign government agencies; develop marketing and commercial intelligence for dissemination to Philippine businessmen through the Trade and Investment Information Center; provide direct support to the Department's overseas promotional programs; assist Philippine businessmen handle trade complaints against foreign firms and governments; support Department units in import and export administration, monitoring of trade agreements, and investments promotion; and be accountable for established foreign investment and export targets for their respective areas of responsibility;
- (d) Center for International Trade Expositions and Missions. This Center shall organize official participation in foreign trade fairs, exhibitions, and expositions, in accordance with the trade promotion program of the Department; prepare, review, and approve the exhibit plans and designs for official participation in foreign trade fairs, expositions, and exhibitions and where necessary, contract professional consulting services such as display designers and advertising; supervise the selection, collection, and shipment of display products and materials for use in such official participation; implement Department policies and guidelines for servicing all incoming missions and the conduct of all outgoing missions that are related to international trade fairs and exhibitions; organize official outgoing missions related to international trade fairs and exhibitions; and assist privately organized outgoing missions related to international trade fairs and exhibitions;
- (e) Bonded Export Marketing Board. This Board shall promote the establishment of bonded manufacturing and trading facilities for the re-export of those products where a clear net value added may be generated based on the emerging comparative advantage of the Philippine export industry; study and analyze the international market for specific products where the Philippines has or can develop a comparative advantage; recommend to the Bureau of Customs the licensing of bonded manufacturing facilities and monitor all bonded manufacturing sites, with the objective of ensuring operational efficiency; identify and designate sites where export bonded manufacturing sites shall be located with a view of dispersal to the regions; and initiate studies on the development and maintenance of the country's competitive advantage in export products;
- (f) Philippine Shippers' Council. This Council shall represent Philippine shippers in international liner conferences and negotiate in their behalf, for more favorable freight and shipping rates; evaluate and issue waivers to the use of Philippine flag carriers; and provide assistance and information to Philippine shippers, specially exporters, in matters related to shipping;
- (g) Philippine Trade Training Center. This Center shall develop training modules on export and import techniques and procedures; raise the level of awareness of Philippine businessmen of export opportunities and the availability of alternative sources of import products or diversified markets for exports; offer specialized courses for specific industry groups directed at overcoming barriers to overseas market penetration; and conduct training programs in international trade practices, inspection techniques and exhibition mounting;
- (h) Product Development and Design Center of the Philippines. This Center shall provide product identification, research, and development services to the private sector; conduct seminars and



workshops on product design and development; set up design exhibitions; publish product design related materials; and conduct continuing research on product and product packaging design trends and processing technologies.

SEC. 14. Office of the Undersecretary for Industry and Investments. The Office of the Undersecretary for Industry and Investments shall supervise all agencies involved in the formulation and implementation of programs and projects pertinent to the development of domestic industries and the promotion of investments in activities or enterprises critical to the Department's trade and industry development program. Such agencies are enumerated in Section 10 (b). The functions of the two (2) bureaus are described below; while the functions and organizations of the other agencies are respectively described and treated in Sections 16 and 18 of this Executive Order.

- (a) Bureau of Small and Medium Business Development. This Bureau shall formulate and monitor development programs for private institutions involved in assisting the trade and industry sector, delivery mechanisms and linkages for marketing, financial and sub-contracting services, and development programs for livelihood and micro, small and medium enterprises.
- (b) Bureau of Import Services. This Bureau shall monitor import levels and prices, particularly liberalized items; analyze and forecast import levels; analyze and publish import return statistics; perform annual review of the substantive components of the Philippine Tariff System and submit recommendations thereon; perform such other functions on import transactions as the President and/or the Central Bank of the Philippines shall delegate or authorize; and ensure that the Department's views on goods under the jurisdiction of other Departments are taken into consideration.

SEC. 15. Office of the Undersecretary for Regional Operations. The Office of the Undersecretary for Regional Operations shall exercise supervision and control over the Department's Regional Offices, described in Section 9 (a) of this Executive Order. It shall be responsible for the field operations of the Department, ensuring the full compliance with Department policies, rigorous implementation of Department rules and regulations, and the proper implementation of Department plans and programs by the Regional Offices in their respective administrative jurisdictions.

SEC. 16. Line Corporate Agencies and Government Entities. The following are the Line Corporate Agencies and Government Entities, defined in Section 9 (c) of this Executive Order that will perform their specific regulatory functions, particular developmental responsibilities, and specialized business activities in a manner consonant with the Department's mandate, objectives, policies, plans, and programs:

- (a) National Development Company. This Company shall promote investments in or establish enterprises for the express purposes of encouraging the private sector to follow suit by proving the financial viability of such enterprises; or of filling critical gaps in the input-output structure of Philippine commerce and industry when the private sector is unwilling or unable to engage in such enterprises because of the magnitude of investments required or the risk complexion of the undertaking.
- (b) Garments and Textile Export Board. This Board, which shall be supervised by the Undersecretary for International Trade, shall oversee the implementation of the garment and textile agreements between the Philippines and other countries, particularly garments and

textiles quotas; approve quota allocations and export authorizations; issue export licenses and adopt appropriate measures to expedite their processing; provide the necessary information and statistics relating to the administration of garments and textiles export quotas and the flow of garments and textiles exports for monitoring purposes and for negotiations with other countries; implement rules and regulations for the administration of all international textile agreements entered into between the Philippines and importing countries; and fix and collect reasonable fees for the issuance of export quotas, export authorizations, export licenses, and other related services, in accordance with the Department policies, rules and regulations.

- (c) International Coffee Organization - Certifying Agency. This Agency, which shall be supervised by the Undersecretary for International Trade, shall oversee the implementation of the coffee agreements between the Philippines and other countries, particularly coffee quotas.
- (d) Philippine International Trading Corporation. This Corporation, which shall be supervised by the Undersecretary for International Trade, shall only engage in both export and import trading on new or non-traditional products and markets not normally pursued by the private business sector; provide a wide range of export oriented auxiliary services to the private sector; arrange for or establish comprehensive systems and physical facilities for handling the collection, processing, and distribution of cargoes and other commodities; monitor or coordinate risk insurance services for existing institutions; promote or organize, whenever warranted, production enterprises and industrial establishments and collaborate or associate in joint venture with any person, association, company, or entity, whether domestic or foreign, in the fields of production, marketing, procurement, and other related businesses; and provide technical, advisory, investigatory, consultancy, and management services with respect to any and all of the functions, activities, and operations of the corporation.
- (e) Board of Investments. This Board, which shall be supervised by the Undersecretary for Industry and Investments shall be responsible for coordinating the formulation and implementation of short, medium and long term industrial plans as well as promoting investments in the Philippines in accordance with national policies and priorities; register, monitor, and grant investment incentives to individual enterprises; formulate policies and guidelines aimed at creating an environment conducive to the expansion of existing investments or attracting prospective investments in the Philippines: Provided, That the Board shall place primary emphasis on its promotive functions.
- (f) Export Processing Zone Authority. This Authority which shall be supervised by the Undersecretary for Industry and Investments, shall develop and manage export processing zones, in consonance with Department policies and programs.

SEC. 17. Regional Offices. The Department is hereby authorized to establish, operate and maintain a Department-wide regional office in each of the country's administrative regions. Each Regional Office shall be headed by a Regional Director who shall be assisted by an Assistant Regional Director. A Regional Office shall have, within its administrative region, the following functions:

- (a) Implement pertinent laws, and the rules, regulations, policies, plans, programs and projects of the Department;
- (b) Provide efficient and effective service to the people;
- (c) Coordinate with the regional offices of other departments, offices and agencies in the region;
- (d) Coordinate with the local government units;



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- (e) Perform other functions as may be provided by law or appropriately assigned by the Secretary.

SEC. 18. Organizational Changes. The following organizational changes shall apply to the various agencies enumerated hereunder:

- (a) The Bureau of Industrial Development is hereby abolished and its powers and functions transferred to the appropriate units of the Department.
  - (b) The Philippine Cement Industry Authority, the Commission for Heavy Engineering Industries, and the Presidential Advisory Committee on the Copper Industry are hereby abolished. Their policy formulation and planning functions are hereby transferred to the Board of Investments and their implementing functions are transferred to the pertinent line operating units of the Department.
  - (c) The Construction Industry Authority of the Philippines and the Iron and Steel Authority are hereby retained as attached agencies of the Department: Provided, That these Authorities shall review annually the capability and trustworthiness of the entities accredited by it.
  - (d) The Construction Manpower Development Center and the Construction Manpower Development Foundation are transferred to the National Industrial Manpower Training Council.
  - (e) The National Cottage Industries Development Authority is hereby reorganized into the Cottage Industry Technology Center and its functions other than technology development and training, are hereby transferred to the Bureau of Small and Medium Business Development and relevant line operating units of the Department.
  - (f) The Price Stabilization Council is hereby abolished, but its powers and functions may be exercised by the Secretary of Trade and Industry in emergency situations as the Secretary deems appropriate.
  - (g) The Philippine Patents Office is hereby converted into the Bureau of Patents, Trademarks and Technology Transfer.
  - (h) The Technology Transfer Board is hereby abolished and its powers and functions transferred to the Bureau of Patents, Trademarks and Technology Transfer and the appropriate line operating units of the Department.
  - (i) The Bureau of Domestic Trade is hereby abolished and its appropriate powers and functions are hereby transferred to the Bureau of Trade Regulation and Consumer Protection and the Bureau of Domestic Trade Promotion, respectively.
  - (j) The Bureau of Foreign Trade is hereby abolished and its appropriate powers and functions are hereby transferred to the Bureau of Export Trade Promotion and the Bureau of Import Services, respectively.
  - (k) The Bureau of Small and Medium Industries is hereby reorganized as the Bureau of Small and Medium Business Development.
  - (l) The Trade and Industry Information Center is hereby reorganized as the Trade and Investment Information Center.
  - (m) The Planning Service is hereby reorganized as the Office of Operational Planning.
  - (n) The Legal Service is hereby reorganized as the Office of Legal Affairs.
  - (o) The Administrative Service is hereby reorganized as the General Administrative Service.
  - (p) The Financial and Management Service is hereby reorganized as the Financial Management Service.
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- (q) The Product Standards Agency is hereby reorganized as the Bureau of Product Standards.
  - (r) The Public Relations Office, the Human Resource Development Service and the Management Information Service are hereby created.
  - (s) The NDC-Nacida Raw Materials Corporation is hereby abolished, and its powers and functions transferred to the appropriate units of the Department.
  - (t) The Metals Industry Research and Development Center is hereby transferred to the National Science and Technology Authority: Provided, however, That the transfer shall be covered by a memorandum of agreement defining the relationship of the Department and the Center and the manner by which equipment and resources shall be accessed, and that the investment and trade promotion aspects pertaining to the metals industry are recognized to be the functions of the Department in cooperation with the National Science and Technology Authority.
  - (u) The Philippine Textile Research Institute is hereby transferred to the National Science and Technology Authority: Provided, however, That the transfer shall be covered by a memorandum of agreement defining the relationship of the Department and the Institute and the manner by which equipment and resources are accessed: Provided, further, That the investment and trade promotion aspects pertaining to the textile industry are recognized to be the functions of the Department in cooperation with the National Science and Technology Authority.
  - (v) The Philippine Trade Exhibition Center is hereby merged with the Center for International Trade Expositions and Missions, with the latter as the surviving entity.
  - (w) The Trade Policy Office is hereby reorganized as the Bureau of International Trade Relations.
  - (x) The Videogram Regulatory Board is hereby attached to the Department.
  - (y) The Design Center of the Philippines is hereby reorganized into the Product Development and Design Center of the Philippines.

SEC. 19. Transitory Provisions. In accomplishing the acts of reorganization herein prescribed, the following transitory provisions shall be complied with, unless otherwise provided elsewhere in this Executive Order.

- (a) The transfer of functions which results in the abolition of the government unit that has exercised them shall include the appropriations, funds, records, equipment, facilities, other assets and personnel as may be necessary to the proper discharge of the transferred functions. The abolished unit's remaining appropriations and funds, if any, shall revert to the General Fund and its remaining assets, if any, shall be allocated to such appropriate units as the Secretary shall determine or shall otherwise be disposed of in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Its liabilities, if any, shall likewise be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Its personnel, shall, in a hold-over capacity, continue to perform their duties and responsibilities and receive the corresponding salaries and benefits: Provided, That the personnel, whose positions are not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary under Section 21 hereof or who are not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided for under the second paragraph of the same Section 21.
  - (b) The transfer of functions which does not result in the abolition of the government unit that has exercised them shall include the appropriations, funds, records, equipment, facilities,
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other assets and personnel as may be necessary to the proper discharge of the transferred functions. The liabilities, if any, that may have been incurred in connection with the discharge of the transferred functions, shall be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Its personnel shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits: Provided, That the personnel, whose position is not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary under Section 21 hereof or who has not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided for under the second paragraph of the same Section 21.

- (c) In case of merger or consolidation of government units, the new or surviving unit shall exercise the functions (subject to the reorganization herein prescribed and the laws, rules and regulations, pertinent to the exercise of such functions) and shall acquire the appropriations, funds, records, equipment, facilities, other assets, liabilities if any, and personnel of (1) the units that compose the merged unit or (2) the absorbed unit, as the case may be. Its personnel shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits: Provided, That any personnel, whose position is not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary under Section 21 hereof or who is not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided under the second paragraph of the same Section 21.
- (d) The transfer of a government unit shall include the functions, appropriations, funds, records, equipment, facilities, if any, of the transferred unit as well as the personnel thereof, as may be necessary, who shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits: Provided, That the personnel of the transferred unit whose positions are not included in the new position structure and staffing pattern approved and prescribed by the Secretary or who are not reappointed shall be deemed separated from the service and shall be entitled to the benefits provided under the second paragraph of Section 21 hereof.
- (e) In case of termination of a function which does not result in the abolition of the government unit which has performed such function, the appropriations and funds intended to finance the discharge of such function shall revert to the General Fund, while the records, equipment, facilities, choses in action, rights and other assets used in connection with the discharge of such function shall be allocated to the appropriate units as the Secretary shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The personnel who have performed such functions, whose positions are not included in the new position structure and staffing pattern approved and prescribed by the Secretary under Section 21 hereof or who have not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided under the second paragraph of the same Section 21.
- (f) In case of the abolition of a government unit which does not result in the transfer of its functions to another unit, the appropriations and funds of the abolished unit shall revert to the General Fund, while the records, equipment, facilities, choses in action, rights, and other assets thereof shall be allocated to such appropriate units as the Secretary shall determine. The liabilities of the abolished unit shall be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations, while the personnel thereof,

whose position is not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary under Section 21 hereof or who has not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided under the second paragraph of the same Section 21.

SEC. 20. Funding. Funds needed to carry out the provisions of this Executive Order shall be taken from funds available in the Department.

SEC. 21. New Structure and Pattern. Upon approval of this Executive Order, the officers and employees of the Department and agencies attached to it, shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits.

The new position structures and staffing pattern of the Department and agencies attached to it, shall be approved and prescribed by the Secretary within one hundred twenty (120) days from the approval of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by him or by the President, as the case may be. Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one-month basic salary for every year of service, or the equivalent nearest fraction thereof favorable to them on the basis of highest salary received, but in no case shall such payment exceed the equivalent of twelve (12) months salary.

SEC. 22. Periodic Performance Evaluation. The Secretary is hereby required to formulate and enforce a system of measuring and evaluating periodically and objectively the performance of the Department and submit the same annually to the President.

SEC. 23. Notice or Consent Requirement. If any reorganizational change herein authorized is of such substance or materiality as to prejudice third persons with rights recognized by law or contract such as notice to or consent of creditors is required to be made or obtained pursuant to any agreement entered into with any of such creditors, such notice or consent requirement shall be complied with prior to the implementation of such reorganizational change.

SEC. 24. Prohibition Against Change. No change in the reorganization herein prescribed shall be valid except upon prior approval of the President for the purpose of promoting efficiency and effectiveness in the delivery of public services.

SEC. 25. Implementing Authority of Secretary. The Secretary shall issue such rules, regulations and other issuances as may be necessary to ensure the effective implementation of the provisions of this Executive Order.

SEC. 26. Separability. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SEC. 27. Repealing Clause. All laws, ordinances, rules, regulations, other issuances or parts thereof, which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.

SEC. 28. Effectivity. This Executive Order shall take effect immediately upon its approval.

APPROVED in the City of Manila, Philippines, this 27th day of February, in the Year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 134**  
**ENABLING ACT FOR THE ELECTIONS FOR MEMBERS OF CONGRESS ON**  
**MAY 11, 1987, AND FOR OTHER PURPOSES**

WHEREAS, Section 1, Article XVIII of the 1987 Constitution of the Republic of the Philippines provides that the first elections for Members of Congress shall be held on the second Monday of May, 1987;

WHEREAS, to ensure free, orderly, honest, peaceful, and credible elections, there is a need to adopt appropriate laws and/or amend the existing Omnibus Election Code of the Philippines, to govern specifically the aforesaid elections;

WHEREAS, Section 6, Article XVIII of the 1987 Constitution empowers the President to continue exercising legislative powers until the first Congress is convened;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Applicability. - This Executive Order shall govern the elections for Members of Congress on Monday, May 11, 1987.

SEC. 2. Election and campaign periods. - Unless otherwise fixed in special cases by the Commission on Elections, hereinafter referred to as the Commission, the election period shall commence ninety (90) days before the day of election and shall end thirty (30) days thereafter.

The campaign period for the election of the Members of the Senate shall be sixty (60) days to commence on March 9, 1987 and to end at midnight of May 9, 1987: Provided, That campaigning shall be prohibited on Holy Thursday (April 16, 1987) and Good Friday (April 17, 1987).

The campaign period for the election of the Members of the House of Representatives shall be forty-five (45) days to commence on March 24, 1987 and to end at midnight of May 9, 1987: Provided, That campaigning shall be prohibited on Holy Thursday (April 16, 1987) and Good Friday (April 17, 1987).

SEC. 3. Manner of election. - The twenty-four (24) members of the Senate shall be elected at large by the qualified voters of the Philippines.

The Members of the House of Representatives shall be elected by the qualified voters of the respective legislative districts apportioned among the provinces, cities and the Metropolitan Manila area as provided for in the Ordinance appended to the 1987 Constitution.

The candidates corresponding to the number of Senators to be elected at large and the candidate/s for the House of Representatives from each legislative district who garnered the highest number of votes shall be declared elected.

SEC. 4. Qualifications for Members of Congress. - (1) No person shall be elected Senator unless he is a natural born citizen of the Philippines, and, on the day of the election, is at least thirty-five (35) years of age, able to read and write, a registered voter, and a resident of the Philippines for not less than two years immediately preceding the day of the election;

(2) No person shall be elected Member of the House of Representatives unless he is a natural-born citizen of the Philippines and, on the day of the election, is at least twenty-five (25) years of age, able to read and write, and, except the party-list representatives, a registered voter in the legislative district

in which he shall be elected, and a resident thereof for a period of not less than one year immediately preceding the day of the election.

SEC. 5. Certificates of Candidacy. - No person shall be elected Senator or Member of the House of Representatives unless he files a sworn certificate of candidacy on any day from the commencement of the election period but not later than the day before the beginning of the campaign period for the position concerned.

The certificates of candidacy for Senators shall be filed in ten (10) legible copies with the Commission in Manila, which shall order the printing of sufficient copies thereof at the expense of the candidate concerned for distribution to all polling places nationwide. The certificates of candidacy for the Members of the House of Representatives shall be filed with the Commission in Manila, the provincial election supervisor or the city election registrar, who shall order the printing of sufficient copies thereof at the expense of the candidate concerned for distribution to all polling places in the corresponding province, city or district.

No certificate of candidacy filed by mail shall be accepted and given due course.

SEC. 6. Nominations of official candidates. - The nominations of official candidates of registered political parties, organizations, or coalitions, duly signed and attested under oath by its President or Chairman, Secretary General or any other party officer duly authorized in writing to do so, shall be filed by the party officers concerned with the Commission on Elections or other officials authorized by the Commission to receive such nominations, not later than the day before the beginning of the campaign period provided for in Section 2 hereof.

SEC. 7. Permanent list of voters. - The list of voters prepared and used in the plebiscite of February 2, 1987, with such additions, cancellations and corrections as may hereafter be made shall constitute the permanent list of voters in each city or municipality for purposes of the elections provided for under this Executive Order.

SEC. 8. Promulgation of implementing rules and regulations. - The Commission shall promulgate rules and regulations implementing the provisions of this Executive Order, the Omnibus Election Code of the Philippines and other laws, which it is mandated to enforce and administer. Such rules and regulations shall take effect after three (3) days following the publication thereof in at least two (2) daily newspapers of general circulation.

SEC. 9. Commission control over national or local officials or employees and law enforcement agencies and instrumentalities. - The Commission may, when the interest of free, honest, orderly, peaceful and credible election so requires, place all national and local officials or employees required by law to perform duties relative to the conduct of the elections, and national and local law enforcement agencies and instrumentalities in any province, city or municipality under its direct and immediate control. In addition, the Commission may call upon the New Armed Forces of the Philippines, the Philippine Constabulary/Integrated National Police, National Bureau of Investigation, National Police Commission or authorize CMT Cadets eighteen years of age and above to act as its deputies for the purpose of enforcing its orders.

SEC. 10. Prohibited acts. - All acts prohibited under Section 261 of the Omnibus Election Code of the Philippines and other pertinent election offenses enumerated in Section 262 thereof shall be applicable to the May 11, 1987 elections for Members of Congress: Provided, That any city or municipal judge, who includes or excludes any voter without any legal basis in inclusion and exclusion proceedings, shall be guilty of an election offense.

SEC. 11. Prosecution. - The Commission shall, through its duly authorized legal officers, have exclusive power to conduct preliminary investigation of all election offenses punishable as provided for in the preceding section, and to prosecute the same: Provided, That in the event that the Commission



fails to act on any complaint within two (2) months from filing, the complainant may file the complaint with the Office of the Fiscal or with the Department of Justice for proper investigation and prosecution, if warranted.

The Commission may avail of the assistance of other prosecuting arms of the government.

SEC. 12. Pending actions. Actions arising or already pending before the effectivity of this Executive Order shall be governed by the laws then in force.

SEC. 13. Designation of certain pre-election acts immediately after the effectivity of this Executive Order. - If it should no longer be reasonably possible to observe the periods and dates prescribed herein or in the Omnibus Election Code of the Philippines for certain pre-election acts in the election immediately following the effectivity of this Executive Order, the Commission shall fix other periods in order to ensure accomplishment of certain pre-election activities so that voters shall not be deprived of their right of suffrage.

SEC. 14. Appropriations. - The amount of TWO HUNDRED MILLION (₱200,000,000.00) PESOS, or so much thereof as may be necessary for the purpose of implementing this Executive Order is hereby set aside out of the appropriation of the Commission on Elections in its annual budget and savings, which shall be released automatically and periodically by the Department of Budget and Management upon request of the Chairman of the Commission on Elections, based on an approved special budget. In case of deficiencies, the funds herein provided shall be augmented from the Contingent Fund or any other applicable appropriations authorized in the Current General Appropriations Act, which shall likewise be released, upon similar request of the Chairman of the Commission on Elections.

SEC. 15. Separability clause. - If for any reason any section or provision of this Executive Order, or any portion thereof, or the application of such section, provision or portion is declared invalid or unconstitutional, the remainder thereof shall not be affected by such declaration.

SEC. 16. Applicability of the Omnibus Election Code of the Philippines and other statutes. - All provisions of the Omnibus Election Code of the Philippines, Executive Order No. 50 dated October 20, 1986 and Executive Order No. 94 dated December 17, 1986 not inconsistent with the provisions of this Executive Order shall apply to the election herein provided for: Provided, That the Commission on Elections is hereby authorized to provide by resolution on any matters not specifically covered by this Executive Order consistent with the provisions of the 1987 Constitution: Provided, further, That the Commission may award the printing of the official ballots, election returns and such other forms necessary in the conduct of the elections to private printers if it deems the existing printing facilities of the Government Printing Office and/or APO-NEDA Printing Press are not adequate for the purpose considering the time constraints: Provided, finally, That said printing shall be under the exclusive control and supervision of the Commission, which shall determine and provide security measures in the printing, storage and distribution thereof.

SEC. 17. Repealing clause. - All laws or parts of laws inconsistent herewith are hereby deemed repealed or modified accordingly. The provisions on failure to register and to vote under Section 261, paragraph (y), sub-paragraph No. 1 and paragraph (z), sub-paragraph No. 1 of the Omnibus Election Code of the Philippines are hereby repealed.

SEC. 18. Effectivity. - This Executive Order shall take effect upon its approval.



Done in the City of Manila, this 27th day of February in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Malacañang Records Office**

Office of the President of the Philippines. (1987). *[Executive Order Nos. : 1 - 170]*. Manila : Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 135**

AMENDING SECTIONS 19(6) AND 8 OF PRESIDENTIAL DECREES NOS. 807 AND 1409,  
RESPECTIVELY, AND REVOKING AND/OR REPEALING MEMORANDUM CIRCULAR  
NO. 1284 DATED JUNE 4, 1985.

WHEREAS, in the interest of justice, there is need to confer upon the Civil Service Commission jurisdiction over appeals in contested or promotional appointments and to make its decisions thereon, as well as in administrative disciplinary cases, final and reviewable only on certiorari by the Supreme Court.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. Section 19(6) of Presidential Decree No. 807 dated October 6, 1975 is hereby amended to read as follows:

“SEC. 19. Recruitment and Selection of Employees. - xxx xxx xxx

“(6). A qualified next-in-rank employee shall have the right to appeal initially to the heads of ministries, agencies or instrumentalities including government-owned or controlled corporations, then to the Merit Systems Board, and finally to the Civil Service Commission an appointment made in favor of another employee if the appellant is not satisfied with the written special reason or reasons given by the appointing authority for such appointment: Provided, however, That the decision of the Civil Service Commission may be reviewed on certiorari only by the Supreme Court within thirty (30) days from receipt of the decision by the aggrieved party. For purposes of this Section, ‘qualified next-in-rank’ refers to an employee appointed on a permanent basis to a position previously determined to be next-in-rank and who meets the requirements for appointment thereto as previously determined by the appointing authority and approved by the Commission.”

SEC. 2. Section 8 of Presidential Decree No. 1409 dated June 8, 1978 is hereby amended to read as follows:

“SEC. 8. Relationship with the Civil Service Commission. - Decisions of the Merit Systems Board involving the removal of officers and employees from the service shall be subject to automatic review by Civil Service Commission. The Commission shall hear and decide appeals from other decisions of the Board provided that the decisions of the Commission shall be subject to review on certiorari only by the Supreme Court within thirty (30) days from receipt of a copy thereof by the aggrieved party.”

SEC. 3. All protest cases pending on appeal before the Office of the President shall immediately be indorsed to the Civil Service Commission, through the Merit Systems Board, for decisions on the merits, except those already decided but pending on motion for reconsideration that shall be disposed of in accordance with Executive Order No. 19, series of 1966, as amended.

SEC. 4. All existing laws, decrees, letters of instructions, letters of implementation, executive orders, memorandum circulars or orders, as well as rules and regulations, or any provisions or parts thereof, especially Memorandum Circular No. 1284 dated June 4, 1985, which are inconsistent or in conflict with the provisions of this Order, are hereby repealed and/or modified accordingly.

SEC. 5. This Order shall take effect immediately.

Done in the City of Manila, this 27th day of February, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 136**

ESTABLISHING THE COUNCIL FOR INVESTMENTS IN TRADE, INDUSTRY, TOURISM, AGRICULTURE, NATURAL RESOURCES, TRANSPORTATION, COMMUNICATIONS AND SERVICES AND FOR OTHER PURPOSES.

WHEREAS, to improve the businessman's/investor's perception of the Philippines as an attractive, viable and practical investment option and to encourage investments, there is a need to establish a Council which will promote, coordinate, and facilitate investment development efforts of the government.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Council for Investments in Trade, Tourism, Agriculture, Natural Resources, Transportation, Communications and Services. - There is hereby created a Council for Investments in Trade, Industry, Tourism, Agriculture, Natural Resources, Transportation, Communications and Services hereinafter referred to as the "Council".

The Council shall be composed of:

- |  |            |
|--|------------|
| (a) The Secretary of Trade and Industry  | - Chairman |
| (b) The Secretary of Finance   | - Member   |
| (c) The Secretary of Tourism   | - Member   |
| (d) The Secretary of Agriculture and Food  | - Member   |
| (e) The Secretary of Natural Resources   | - Member   |
| (f) The Secretary of Transportation and Communications   | Member     |
| (g) The Governor, Central Bank of the Philippines  | - Member   |
| (h) The Assistant Secretary of Foreign Affairs for Overseas Economic Promotion   | - Member   |
| (i) Two representatives from the private sector who shall be appointed by the President to serve for a term of two years | Members    |

In the absence of an ex-officio member of the Council, he shall be represented by a duly authorized official in his Office or Department.

The Council shall be organized and hold its first meeting within thirty (30) days from the promulgation of this Executive Order.

SECTION 2. Powers and Functions of the Council. - The Council shall have the following powers and functions:

- a. To coordinate investment development efforts of the Government;
- b. To promote the country as an attractive investment area in identified sectors;
- c. To maintain close contact and liaison with government offices or agencies concerned with investments. For this purpose, the Council is empowered to require the full time detail of representatives from government agencies concerned with investments in trade, tourism, agriculture,

natural resources, transportation, communications, and services to the “Investment One Stop Action Center” created herein. Such representatives shall be empowered to receive, process, act on and sign the pertinent applications and clearances for their respective offices/agencies;

d. To act as a one stop action center for foreign and local investors with authority to act on any problems concerning the setting up of business or making of investments in the Philippines;

e. To establish an effective system for disseminating information, both locally and abroad, on Philippine investment prospects and opportunities;

f. To submit annual reports to the President of the Philippines regarding the activities of the Council.

g. To recommend the modification/amendments of existing legislation and procedures to remove disincentives for investments both local and foreign.

SECTION 3. Meetings, Quorum and Secretariat. - The Council shall meet once a month on a date and at a place to be determined by the members. The presence of six (6) members shall constitute a quorum for the doing of business.

The Board of Investments shall act as the Secretariat of the Council.

SECTION 4. Honoraria and Allowances. - The Council may in its discretion provide for honoraria and allowances for council members and its personnel subject to existing rules and regulations.

SECTION 5. Investment One Stop Action Center. - There is hereby created as part of the Council an “Investment One Stop Action Center” which shall be established in the Board of Investments.

a. Powers and Functions of the Investment One Stop Action Center. - The Investment One Stop Action Center shall have the following powers and functions:

1. To provide assistance to local and foreign investors, including trade and economic foreign missions, by providing information, advice and guidance on pertinent laws and procedures relative to the foreign and local investments and the doing of business in the Philippines.

2. To accept and act on applications for investments in the Philippines. For this purpose, applications and other documents such as but not limited to the following may be filed and acted upon by it:

- aa. Articles of Incorporation;
- bb. Business Name;
- cc. Doing Business with or without incentives;
- dd. Special Investor Resident’s Visa which need not be filed in the investor’s country, and
- ee. Employment of foreign nationals.

b. Center Representatives. - The ex-officio members of the Council shall, within fifteen (15) days from the effectivity hereof, detail representatives of appropriate rank to the Investment One Stop Action Center with authority to give information assistance as well as act on the applications submitted to the Investment One Stop Action Center. In addition, the Council shall require the detail of representatives of other government offices concerned with the entry of foreign investments and doing business in the Philippines with the same authority as the above.

Whenever more detailed evaluation of documents and papers submitted to the Investment One Stop Action Center are necessary, the Investment One Stop Action Center representatives shall be responsible for monitoring the status of such documents and papers and ensuring that they are returned to the Investment One Stop Action Center and the applicant in the shortest time possible.

c. Priority. - All government offices represented shall ensure that priority of action is given to documents and papers referred to them by the Center.

SECTION 6. Support Centers. - There are hereby created as part of the Council an Investment Information Center and Investment Promotion Center to support the requirements of the Investment One Stop Action Center.

SECTION 7. Appropriations. - To carry out the provisions of this Executive Order, the Council shall submit the supplemental Budget to the Ministry of Budget and Management which shall set aside the amount of Four Million Pesos for its organizational expenses and the amount necessary to cover its current operational expenses from any fund in the National Treasury not otherwise appropriated. Thereafter, appropriations for the Council shall be included in the annual budget of the Board of Investments.

SECTION 8. Rules and Regulations. - The Council shall promulgate the rules and regulations to implement the provisions of this Executive Order. Such rules and regulations shall take effect fifteen (15) days after their publication in a newspaper of general circulation.

SECTION 9. Separability Clause. - In the event that the provisions of this Executive Order are hereby declared to be separable and in the event any provision or part thereof is declared unconstitutional the other provisions or parts thereof which are not affected thereby shall remain in full force and effect.

SECTION 10. Repealing Clause. - The provisions of Executive Order No. 845 and all other laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 11. Effectivity. - This Executive Order shall take effect immediately.

Done in the City of Manila, this 27th day of February, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 137**  
**EXPANDING THE SOURCES AND UTILIZATION OF THE OIL PRICE STABILIZATION FUND**  
**(OPSF) BY AMENDING PRESIDENTIAL DECREE NO. 1956**

WHEREAS, an Oil Price Stabilization Fund was created under Section 8 of Presidential Decree No. 1956 to be used to reimburse the oil companies for cost increases on crude oil and imported petroleum products resulting from exchange rate adjustment and/or increase in world market prices in the desire to stabilize the prices of petroleum products for a longer period despite exchange rate adjustments or world market price changes;

WHEREAS, Letter of Instructions No. 1431 provided for the utilization of the Oil Price Stabilization Fund to reimburse oil companies the additional costs of importation of crude oil and petroleum products due to fluctuations in foreign exchange rates, to assure adequate and continuous supply of petroleum products at reasonable prices;

WHEREAS, the spot prices of crude oil in the international market have been unstable;

WHEREAS, it is the policy of the government to recognize immediately declines in crude oil prices by reducing domestic petroleum product prices for the benefit of the public;

WHEREAS, the prevailing circumstances require the expansion of the sources and utilization of the Oil Price Stabilization Fund to maintain stability in the domestic prices of oil products at reasonable levels;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 8 of Presidential Decree No. 1956 is hereby amended to read as follows:

“SECTION 8. There is hereby created a Trust Account in the books of accounts of the Ministry of Energy to be designated as Oil Price Stabilization Fund (OPSF) for the purpose of minimizing frequent price changes brought about by exchange rate adjustments and/or changes in world market prices of crude oil and imported petroleum products. The Oil Price Stabilization Fund (OPSF) may be sourced from any of the following:

- a) Any increase in the tax collection from ad valorem tax or customs duty imposed on petroleum products subject to tax under this Decree arising from exchange rate adjustment, as may be determined by the Minister of Finance in consultation with the Board of Energy;
- b) Any increase in the tax collection as a result of the lifting of tax exemptions of government corporations, as may be determined by the Minister of Finance in consultation with the Board of Energy;
- c) Any additional amount to be imposed on petroleum products to augment the resources of the Fund through an appropriate Order that may be issued by the Board of Energy requiring payment by persons or

companies engaged in the business of importing, manufacturing and/or marketing petroleum products;

- d) Any resulting peso cost differentials in case the actual peso costs paid by oil companies in the importation of crude oil and petroleum products is less than the peso costs computed using the reference foreign exchange rate as fixed by the Board of Energy.

The Fund herein created shall be used for the following:

- 1) To reimburse the oil companies for cost increases in crude oil and imported petroleum products resulting from exchange rate adjustment and/or increase in world market prices of crude oil;
- 2 To reimburse the oil companies for possible cost underrecovery incurred as a result of the reduction of domestic prices of petroleum products. The magnitude of the underrecovery, if any, shall be determined by the Ministry of Finance. 'Cost underrecovery' shall include the following:
  - i. Reduction in oil company take as directed by the Board of Energy without the corresponding reduction in the landed cost of oil inventories in the possession of the oil companies at the time of the price change;
  - ii. Reduction in internal ad valorem taxes as a result of foregoing government mandated price reductions;
  - iii. Other factors as may be determined by the Ministry of Finance to result in cost underrecovery.

The Oil Price Stabilization Fund (OPSF) shall be administered by the Ministry of Energy.”

SECTION 2. The Minister of Finance shall, in consultation with the Ministry of Energy, promulgate the necessary rules and regulations to implement this Executive Order.

SECTION 3. All laws, orders, issuances, and rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 4. This Executive Order shall be effective starting with the domestic products price reduction authorized on January 24, 1986.



Done in the City of Manila, this 27th day of February, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Acting Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 138**  
**SIMPLIFYING THE PROCEDURES ON PHILIPPINE GOVERNMENT APPROVAL OF**  
**PROJECTS/INVESTMENTS IN THE PHILIPPINES FOR PURPOSES OF OVERSEAS PRIVATE**  
**INVESTMENT CORPORATION (OPIC) POLITICAL RISKS INSURANCE**  
**COVERAGE AND FOR OTHER PURPOSES**

WHEREAS, the Governments of the Republic of the Philippines and the United States of America have entered into an Investment Guarantee Agreement under the Exchange of Notes, dated February 18 and 19, 1952, as amended on February 25, 1965 and August 15, 1966, concerning investment guarantees for projects/investments made by United States nationals in the Philippines against political risks;

WHEREAS, such political risk investment guarantees for United States investments in the Philippines are being issued by the Overseas Private Investment Corporation (OPIC), while Philippine Government approval of projects/investments for purposes of Overseas Private Investment Corporation (OPIC) investment guarantees, is presently granted by the National Economic and Development Authority (NEDA);

WHEREAS, it is imperative that the existing procedures which require approval of projects/investments for Overseas Private Investment Corporation (OPIC) investment guarantees be simplified and streamlined;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Approval by the Board of Investments (BOI), the Technology Transfer Board (TTB), the Export Processing Zone Authority (EPZA), or such other agencies as may be designated from time to time by the President, and registration with the Central Bank of direct investments of United States nationals in the Philippines for purposes of Overseas Private Investment Corporation (OPIC) investment guarantees shall constitute Philippine Government approval of projects/investments pursuant to the Investment Guarantee Agreement under the Exchange of Notes dated February 18 and 19, 1952, as amended on February 25, 1965 and August 15, 1966, between the Governments of the Republic of the Philippines and the United States of America. Philippine Government approval shall take effect on the date of registration of the investment.

SECTION 2. Within sixty (60) days from the date of effectivity of coverage of the investment by the Overseas Private Investment Corporation (OPIC), the latter shall notify the Board of Investments (BOI) of the amount of the insurance issued pursuant to the guidelines to be promulgated by the Board of Investments. Failure to submit such notice within the specified period shall automatically cancel the Philippine Government approval.

SECTION 3. The National Economic and Development Authority (NEDA) shall monitor all United States investments in the Philippines with Overseas Private Investment Corporation (OPIC) investment guarantees.

SECTION 4. The Board of Investments (BOI) shall promulgate the rules and regulations to effectively carry out this Executive Order which shall take effect after fifteen (15) days from the date of promulgation.

SECTION 5. This Executive Order shall take effect immediately.

Done in the City of Manila, this 27th day of February, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 139**

MODIFYING THE RATES OF IMPORT DUTY ON CERTAIN IMPORTED ARTICLES AS PROVIDED FOR IN THE TARIFF AND CUSTOMS CODE OF 1978, AS AMENDED, IN ORDER TO IMPLEMENT THE MARGINS OF PREFERENCE IN ACCORDANCE WITH THE DECISIONS OF THE SEVENTEENTH ASEAN ECONOMIC MINISTERS (AEM) MEETING AND THE EIGHTEENTH MEETING OF THE COMMITTEE ON TRADE AND TOURISM (COTT)

Pursuant to the powers vested in me under Section 402 of the Tariff of Customs Code of 1978, as amended, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The articles specifically listed in Annex “A” hereof as classified under Section 104 of the Tariff and Customs Code of 1978, as amended, shall be accorded the margins of preference as specified in Column 4 of the said Annex “A”. In effect, such articles shall be subject to the Preferential Tariff for ASEAN in accordance with the schedule indicated opposite each article as specified in Column 5 of the said Annex “A”

SECTION 2. In the event that subsequent changes are made in the basic Philippine rate of duty on any of the above-mentioned articles, such articles shall automatically be accorded the corresponding margins of preference specified in Column 4 of the said Annex “A”.

SECTION 3. After the date of effectivity of this Executive Order, all the above described articles entered or withdrawn from warehouses in the Philippines for consumption shall be subject to the rate of import duty herein prescribed subject to qualification under the Rules of Origin as specified in the Agreement on ASEAN Preferential Trading Arrangements ratified on August 1, 1977.

SECTION 4. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 27th day of February, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

*Reference:* Annex A

*Source:* Presidential Management Staff

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 140**

MODIFYING THE RATES OF IMPORT DUTY ON CERTAIN IMPORTED ARTICLES AS PROVIDED FOR IN THE TARIFF AND CUSTOMS CODE OF 1978, AS AMENDED, IN ORDER TO IMPLEMENT THE MARGINS OF PREFERENCE IN ACCORDANCE WITH THE ASEAN AGREEMENT OF PREFERENTIAL TRADING ARRANGEMENTS WITH RESPECT TO CERTAIN ARTICLES NEGOTIATED DURING THE NINETEENTH AND TWENTIETH MEETING OF THE ASEAN COMMITTEE ON TRADE AND TOURISM.

Pursuant to the powers vested in me under Section 402 of the Tariff and Customs Code of 1978, as amended, I, CORAZON C. AQUINO, President of the Philippines do hereby order:

SECTION 1. The articles specifically listed hereunder as classified under Section 104 of the Tariff and Customs Code of 1978, as amended, shall be accorded the margins of tariff preference as specified in Column 4. In effect, such articles shall be subject to the Preferential Tariff for ASEAN in accordance with the schedule indicated opposite each article as specified in Column 5.

<u>Tariff</u> <u>Heading</u>	<u>Description</u> <u>of Product</u>	<u>Rate of</u> <u>Duty</u>	<u>Margin of</u> <u>Preference</u>	<u>ASEAN</u> <u>Preferential Tariff</u>
(1)	(2)	(3)	(4)	(5)
ex 33.06 900	Creams and balms	50%	Additional 20%	30%
40.03 000	Reclaimed rubber	20%	Additional 5%	15%
ex 42.03 000	Sports gloves of leather	50%	Additional 20%	30%
ex 20.06 900	Longan in air tight containers	50%	Additional 10%	35%
ex 76.10 000	Tubes for toothpaste	30%	Additional 5%	18%

SEC. 2. In the event that any subsequent changes are made in the basic Philippine rate of duty on any of the above-mentioned articles, such articles shall automatically be accorded the corresponding margins of preference indicated in Column 4.

SEC. 3. After the effective date of this Order, all the above-described articles entered or withdrawn from warehouse in the Philippines for consumption shall be subject to qualification under the Rules of Origin as prescribed in the Agreement on ASEAN Preferential Trading Arrangements ratified on August 1, 1977.

SEC. 4. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 27th day of February, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 141**

MODIFYING THE RATES OF IMPORT DUTY ON CERTAIN IMPORTED ARTICLES AS PROVIDED UNDER THE TARIFF AND CUSTOMS CODE OF 1978, AS AMENDED, IN ORDER TO IMPLEMENT THE MARGINS OF PREFERENCE IN ACCORDANCE WITH THE ASEAN AGREEMENT ON PREFERENTIAL TRADING ARRANGEMENTS WITH RESPECT TO CERTAIN ARTICLES NEGOTIATED DURING THE TWENTY FIRST MEETING OF THE ASEAN COMMITTEE ON TRADE AND TOURISM

Pursuant to the powers vested in me by Section 402 of the Tariff and Customs Code of 1978, as amended, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The articles specifically listed hereunder as classified under Section 104 of the Tariff and Customs Code of 1978, as amended, shall be accorded the margins of tariff preference as specified in Column 4. In effect, such articles shall be subject to the Preferential Tariff for ASEAN in accordance with the schedule indicated opposite each article as specified in Column 5.

<u>Tariff</u> <u>Heading</u>	<u>Description</u> <u>of Product</u>	<u>Rate</u> <u>of Duty</u>	<u>Margin</u> <u>Preference</u>	<u>ASEAN</u> <u>Preferential Tariff</u>
(1)	(2)	(3)	(4)	(5)
40.11 300	New pneumatic tyres of a kind normally used on aircraft	30%	Additional 10%	21%
ex 59.11 900	Rubberized nylon fabric for tyre manufacture	40%	Additional 20%	24%

SECTION 2. In the event that any subsequent changes are made in the basic Philippine rate of duty of any of the above-mentioned articles, such articles shall automatically be accorded the corresponding margins of preference indicated in Column 4.

SECTION 3. After the effective date of this Executive Order, all the above-described articles entered or withdrawn from warehouses in the Philippines for consumption shall be subject to the rate of import duty herein prescribed subject to qualification under the Rules of Origin as prescribed in the Agreement on ASEAN Preferential Trading Arrangements ratified on August 1, 1977.

SECTION 4. This Executive Order shall take effect on November 29, 1986.

Done in the City of Manila, this 27th day of February, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.



MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 142**

MODIFYING THE RATES OF IMPORT DUTY ON CERTAIN IMPORTED ARTICLES AS PROVIDED UNDER THE TARIFF AND CUSTOMS CODE OF 1978, AS AMENDED, IN ORDER TO IMPLEMENT THE DECISION TAKEN BY THE SEVENTEENTH ASEAN ECONOMIC MINISTERS (AEM) MEETING TO EXTEND A 50% MARGIN OF PREFERENCE TO THE SLAUGHTERED MEAT AIJV PRODUCT AS PROVIDED FOR IN ARTICLE III PARAGRAPH 6 OF THE BASIC AGREEMENT ON ASEAN INDUSTRIAL JOINT VENTURES (BAAIJV).

PURSUANT TO THE POWERS VESTED IN ME BY SECTION 402 OF THE TARIFF AND CUSTOMS CODE OF 1978, AS AMENDED, I, CORAZON C. AQUINO, PRESIDENT OF THE PHILIPPINES, DO HEREBY ORDER:

SECTION 1. THE ARTICLES SPECIFICALLY LISTED HEREUNDER AS CLASSIFIED UNDER SECTION 104 OF THE TARIFF AND CUSTOMS CODE OF 1978, AS AMENDED, SHALL BE ACCORDED THE MARGIN OF PREFERENCE AS SPECIFIED IN COLUMN 4. IN EFFECT, SUCH ARTICLE SHALL BE SUBJECT TO THE PREFERENTIAL TARIFF FOR ASEAN IN ACCORDANCE WITH THE SCHEDULE INDICATED OPPOSITE EACH ARTICLE AS SPECIFIED IN COLUMN 5.

<b>TARIFF</b>	<b>DESCRIPTION</b>	<b>RATE</b>		<b>ASEAN</b>
<b><u>HEADING No.</u></b>	<b><u>OF PRODUCT</u></b>	<b><u>OF DUTY</u></b>	<b><u>EFFECTIVE MOP</u></b>	<b><u>PREFERENTIAL TARIFF</u></b>
(1)	(2)	(3)	(4)	(5)
EX. 02.01.100	MEAT OF BOVINE ANIMAL, WITH BONE IN	20%	50%	10%
EX. 02.01.200	MEAT OF BOVINE ANIMAL, BONELESS	20%	50%	10%

SECTION 2. THE MARGIN OF PREFERENCE (MOP) HEREIN PROVIDED SHALL BE ACCORDED THE AIJV ENTITY IN THAILAND EFFECTIVE UP TO MAY 9, 1989. THEREAFTER, THIS MOP SHALL BE EXTENDED AUTOMATICALLY TO ANY ENTITY IN ANY ASEAN MEMBER COUNTRY WHICH PRODUCES THE SUBJECT AIJV PRODUCTS.

SECTION 3. THE FIFTY PERCENTUM (50%) MARGIN OF PREFERENCE ACCORDED UNDER THIS EXECUTIVE ORDER TO THE ACCREDITED AIJV ENTITY IN THAILAND SHALL REMAIN EFFECTIVE IRRESPECTIVE OF ANY SUBSEQUENT CHANGE IN THE BASIC PHILIPPINE RATE OF DUTY ON THE ABOVE-MENTIONED ARTICLE.

SECTION 4. AFTER THE EFFECTIVITY OF THIS EXECUTIVE ORDER, ALL THE ABOVE-DESCRIBED ARTICLES, ENTERED OR WITHDRAWN FROM WAREHOUSES IN THE PHILIPPINES FOR CONSUMPTION SHALL BE SUBJECT TO THE RATES OF DUTY HEREIN PRESCRIBED SUBJECT TO THE QUALIFICATION UNDER THE RULES OF ORIGIN AS PRESCRIBED IN THE AGREEMENT ON ASEAN PREFERENTIAL TRADING ARRANGEMENTS RATIFIED ON AUGUST 1, 1977.

SECTION 5. THIS EXECUTIVE ORDER SHALL TAKE EFFECT IMMEDIATELY.

DONE IN THE CITY OF MANILA, THIS 27<sup>TH</sup> DAY OF FEBRUARY, IN THE YEAR OF OUR LORD,  
NINETEEN HUNDRED AND EIGHTY-SEVEN.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila:  
Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 143**

MODIFYING THE RATES OF IMPORT DUTY ON CERTAIN IMPORTED ARTICLES AS PROVIDED UNDER THE TARIFF AND CUSTOMS CODE OF 1978, AS AMENDED, IN ORDER TO IMPLEMENT THE DECISIONS OF THE EIGHTEENTH ASEAN ECONOMIC MINISTERS (AEM) AND TWENTY-FIRST COMMITTEE ON TRADE AND TOURISM (COTT) MEETINGS TO PROVIDE A MINIMUM LEVEL OF 25% MARGIN OF PREFERENCE IN RESPECT TO ITEMS WHICH ARE UNDER THE ASEAN PREFERENTIAL TRADING ARRANGEMENTS (PTA)

Pursuant to the powers vested in me under Section 402 of the Tariff and Customs Code of 1978, as amended, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The articles specifically listed in Annex "A" hereof as classified under Section 104 of the Tariff and Customs Code of 1978, as amended, presently enjoying 20% margin of preference (MOP) shall be accorded additional 5% MOP as agreed upon during the Twenty-First Meeting of the Committee on Trade and Tourism and the Eighteenth ASEAN Economic Ministers (AEM) Meeting. In effect, such articles shall be subject to the Preferential Tariff for ASEAN in accordance with the schedule indicated opposite each article as specified in Column 4 of said Annex "A".

SECTION 2. In the event that any subsequent changes are made in the basic Philippine rate of duty on any of the above-mentioned articles, such articles shall automatically be accorded the corresponding margin of preference.

SECTION 3. After the date of effectivity of this Executive Order, all the above-described articles entered or withdrawn from warehouses in the Philippines for consumption shall be subject to the rate of import duty herein prescribed subject to qualification under the Rules of Origin as specified in the Agreement on ASEAN Preferential Trading Arrangements ratified on August 1, 1977.

SECTION 4. This Executive Order shall take effect immediately.

Done in the City of Manila, this 27th day of February, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 144**  
**SUPPLEMENTAL LAW ON THE MAY 11, 1987 ELECTIONS FOR MEMBERS OF CONGRESS**

I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Special Registration of Voters. - For purposes of the elections for Members of Congress on May 11, 1987, the Commission on Elections, hereinafter referred to as the Commission, shall hold a special registration of voters on April 11 and 12, 1987, in accordance with Executive Order No. 50 dated October 20, 1986.

SECTION 2. Board of Canvassers. - The Chairman and Members of the Commission on Elections sitting en banc shall be the National Board of Canvassers for the election of Senators. It shall canvass all certificates of canvass coming from and prepared by the district, provincial, and city board of canvassers (of those cities which comprise one or more legislative districts).

Furthermore, there shall be a board of canvassers for each province, city, municipality and district of Metropolitan Manila, as follows:

a) Provincial board of canvassers. - The provincial board of canvassers shall be composed of the provincial election supervisor or a senior lawyer in the regional office of the Commission, as chairman, the provincial fiscal, as vice-chairman, and the provincial superintendent of schools, as member.

This board shall canvass certificates of canvass from the municipalities and the cities which do not comprise at least one legislative district. It shall proclaim as elected the candidates for the House of Representatives who obtained the highest number of votes in the respective legislative districts.

With respect to the election for senators, the provincial board of canvassers shall prepare in duplicate a certificate of canvass supported by a statement of votes received by each candidate in each municipality/city, and transmit the first copy thereof to the Commission on Elections for canvassing. The second copy shall be kept by the provincial election supervisor.

b) City board of canvassers for cities comprising one or more legislative districts. - The city board of canvassers for cities comprising one or more legislative districts shall be composed of the city election registrar or lawyer of the Commission, as chairman, the city fiscal, as vice-chairman, and the city superintendent of schools, as member.

This board shall canvass election returns coming from the polling places within the jurisdiction of the city, and shall proclaim as elected the candidate or candidates for the House of Representatives who obtained the highest number of votes in the legislative district or respective legislative districts.

With respect to the election for senators, this board shall prepare in duplicate a certificate of canvass supported by a statement of votes received by each candidate in each polling place and transmit the first copy to the Commission on Elections for canvassing. The second copy shall be kept by the city election registrar.

c) District board of canvassers. - The district board of canvassers shall be composed of a lawyer of the Commission, as chairman, and a ranking fiscal in the district, as vice-chairman, and the most senior district school supervisor in the district, as member, to be appointed by the Commission upon consultation with the Department of Justice and the Department of Education, Culture and Sports, respectively.

This board shall canvass election returns coming from the polling places within the jurisdiction of the district and shall proclaim as elected the candidate for the House of Representatives who obtained the highest number of votes in the legislative district.

With respect to the election for senators, the same procedure shall be followed by this board as that observed by the city board of canvassers for cities comprising one or more legislative districts.

d) City/municipal board of canvassers. - The city (for cities not comprising at least one legislative district) or municipal board of canvassers shall be composed of the city/municipal election registrar, as chairman, the city fiscal/municipal treasurer, as the case may be, as vice-chairman, and the city superintendent/district supervisor or in his absence any public school principal, as the case may be, as member.

This board shall canvass election returns coming from the polling places within its jurisdiction, but shall not proclaim any winner in the election for Members of the House of Representatives or for Senators.

This board shall prepare in triplicate a certificate of canvass supported by a statement of votes received by each candidate in each polling place, and transmit the first copy thereof to the provincial board of canvassers for canvassing. The second copy shall be transmitted to the Commission for record purposes, and the third copy shall be kept by the city/municipal election registrar.

SECTION 3. Applicability of Batas Pambansa Blg. 881. The pertinent provisions of Batas Pambansa Blg. 881, which are not in conflict with the provisions herein provided, shall remain in full force and effect and are hereby adopted as parts hereof.

SECTION 4. Repealing clause. - All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 5. Effectivity. - This Executive Order shall take effect upon its approval.

Done in the City of Manila, this 2nd day of March, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 145**

AMENDING SECTION 1 OF REPUBLIC ACT NO. 5059, ENTITLED “AN ACT GRANTING LIFE PENSION AND FRANKING PRIVILEGE TO FORMER PRESIDENTS OF THE PHILIPPINES”

WHEREAS, Republic Act No. 5059 provided for an annual life pension of Forty Thousand (₱40,000.00) for every former President of the Philippines subject to certain conditions;

WHEREAS, although the annual life pension of widows of former Presidents under Republic Act No. 2087 was increased from Twenty-Four Thousand Pesos (₱24,000.00) to Ninety-Six Thousand Pesos (₱96,000.00), the annual life pension of former Presidents was increased to only Forty-Two Thousand Four Hundred Pesos (₱42,400.00);

WHEREAS, the preservation of the dignity of, and the respect due to, the former occupants of the Presidency requires the upgrading of their economic status through the increase of their annual life pensions;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 1 of Republic Act No. 5059 is hereby amended to read as follows:

“Section 1. The former President of the Philippines shall be entitled to a life pension, tax free, of Ninety-Six Thousand Pesos (₱96,000.00) annually, payable at the rate of Eight Thousand Pesos (₱8,000.00) monthly.”

SECTION 2. This shall not include the incumbent President of the Philippines.

SECTION 3. The amount necessary to implement the increase in the life pension of a former President shall be charged against the Special Activities Fund for CY 1986.

SECTION 4. All laws, orders, issuances, rules and regulations, or any part thereof which are inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 5. This Executive Order shall take effect as of July 1, 1986.

DONE in the City of Manila, this 2nd day of March, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 146**  
**REORGANIZING THE MEMBERSHIP IN THE GOVERNING BOARD OF**  
**THE PHILIPPINE COCONUT AUTHORITY**

WHEREAS, there is a need to reorganize the membership in the Governing Board of the Philippine Coconut Authority to enable it to meet the exigencies of the times and to provide more effective means of reforming the coconut industry;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

Section 1. Section 4 of Article II of Presidential Decree No. 1468, as amended by Executive Order No. 1055, is hereby further amended to read as follows:

“Section 4. Governing Board - The corporate powers and duties of the Authority shall be vested in and exercised by a Governing Board of seven (7) members to be appointed by the President.”

Section 2. All laws, decrees, orders, proclamations, rules, regulations, and issuances, or parts thereof which are inconsistent with any provisions of this Executive Order are hereby repealed or modified accordingly.

Section 3. This Executive Order shall take effect immediately.

Done in the City of Manila, this 3rd day of March, in the year of Our Lord, Nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 147**  
**EXPANDING THE COVERAGE OF THE GRANT OF MEDICAL ALLOWANCE UNDER**  
**EXECUTIVE ORDER NO. 110 DATED DECEMBER 24, 1986**

WHEREAS, certain government agencies which had given medical allowance to their employees in previous years were allowed to continue the payment of the medical allowance out of their savings in CY 1986 under Executive Order No. 110 dated December 24, 1986;

WHEREAS, a majority of the other agencies are not covered by Executive Order No. 110;

WHEREAS, it is the policy of the government to provide similar or equal benefits to its personnel;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, do hereby order:

SECTION 1. All national government agencies not covered by Executive Order No. 110 dated December 24, 1986, as well as government owned or controlled corporations are hereby authorized to make a one-time payment of medical allowance to their full-time regular and casual employees.

SECTION 2. The amount of said benefit shall be Two Thousand Pesos (₱2,000) per employee.

SECTION 3. The benefits provided herein are payable only to those employed as of December 31, 1986 and who continue to be employed as of the date of the effectivity this Executive Order.

SECTION 4. The medical allowance granted under this Executive Order as well as under Executive Order No. 110 dated December 24, 1986 shall only be limited to CY 1986 operations. Similar benefits for 1987 and future years shall not be allowed, pending the results of a more comprehensive compensation study being done by the Department of Budget and Management.

SECTION 5. The amounts necessary to implement this Executive Order shall be taken from the aggregate savings in 1986 of the National Government. Any deficiency shall be charged against the Compensation and Organizational Adjustment Fund for 1987.

SECTION 6. This Executive Order shall take effect immediately.

Done in the City of Manila, this 3rd day of March, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.



MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 148**  
**MODIFYING EXECUTIVE ORDER NO. 114 DATED DECEMBER 24, 1986**

WHEREAS, national interest requires that Executive Order No. 114 dated December 24, 1986 be clarified for the purpose of implementing immediately the intent and objective thereof by expediting the procedural requirements provided under Section 2 and 5 thereof;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order;

SECTION 1. Section 2 of Executive Order No. 114 is hereby modified to read as follows:

“SECTION 2. The Ministry of Budget and Management shall immediately cause the release of the amount of ₱487 million as subsidy to the Sugar Regulatory Administration, chargeable against any fund in the National Treasury not otherwise appropriated for the purpose of liquidating the unpaid obligations of the National Sugar Trading Corporation to the sugar producers-claimants and for them to settle their accounts with financing institutions. The Sugar Regulatory Administration shall effect payment immediately to the Sugar producers-claimants after its receipt of the Commission on Audit’s partial certifications based on the latter’s partial audits, pending the completion of the detailed audit mandated in Section 1 hereof.”

SECTION 2. Section 5 of Executive Order No. 114 is hereby modified to read as follows:

“SECTION 5. The Task Force to Study the 60-30-10 Plan involving Sugar Lands in Negros Occidental that was created by Memorandum Order No. 56 dated December 11, 1986 is instructed to consider the improved financial position of sugar planters that will result from these settlement of the National Sugar Trading Corporation obligation in its evaluation of the said Plan which contemplates a land-sharing and crop diversification program.”

SECTION 3. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 4. This Executive Order shall take effect immediately.

Done in the City of Manila, this 3rd day of March, in the year of Our Lord, nineteen hundred and eighty-seven.

(SGD.) **CORAZON C. AQUINO**  
President of the Philippines

By the President:  
(SGD.) **JOKER P. ARROYO**  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 149**

**PROVIDING FOR THE CONDONATION OF PENALTIES ON DELINQUENT HOUSING LOAN ACCOUNTS WITH THE SOCIAL SECURITY SYSTEM, SUBJECT TO CERTAIN CONDITIONS**

WHEREAS, UNDER THE HOUSING LOAN PROGRAM OF THE SOCIAL SECURITY SYSTEM A PENALTY OF SIX PERCENT (6%) PER ANNUM IS IMPOSED ON ALL DELINQUENT AMORTIZATIONS UNTIL THE SAME SHALL HAVE BEEN FULLY PAID;

WHEREAS, TO DATE, THERE ARE ABOUT 74,000 HOUSING LOAN ACCOUNTS, 72% OF WHICH ARE DELINQUENT;

WHEREAS, AN INCREASING NUMBER OF SOCIAL SECURITY SYSTEM HOUSING LOAN BORROWERS HAVE EXPRESSED THEIR DESIRE TO UPDATE THEIR DELINQUENT ACCOUNTS BUT REQUESTED THAT THEY BE RELIEVED OF THE ADDED BURDEN OF PAYING THE PENALTIES;

WHEREAS, IT HAS BEEN DETERMINED THAT SUCH CONDONATION OF PENALTIES IMPOSED ON DELINQUENT HOUSING LOAN ACCOUNTS WILL NOT PREJUDICE THE NON-BORROWING MEMBERS OF THE SOCIAL SECURITY SYSTEM BUT ON THE CONTRARY EVEN ENCOURAGE A GREAT NUMBER OF BORROWERS TO UPDATE THEIR LOAN ACCOUNTS;

NOW, THEREFORE, I, CORAZON C. AQUINO, PRESIDENT OF THE PHILIPPINES, DO HEREBY ORDER:

SECTION 1. ANY PROVISION OF LAW TO THE CONTRARY NOTWITHSTANDING, ALL UNPAID PENALTIES ON SOCIAL SECURITY SYSTEM HOUSING LOAN AMORTIZATIONS WHICH ARE DUE AND DEMANDABLE AS OF APRIL 1, 1987 ARE HEREBY CONDONED: PROVIDED, THAT THE SAID AMORTIZATIONS AND ALL INTERESTS THEREON ARE PAID ON OR BEFORE SEPTEMBER 30, 1987: PROVIDED, FURTHER, THAT IN THE EVENT THAT THE BORROWERS ARE ABLE TO PAY ONLY A PART OF THEIR PAST DUE ACCOUNTS BY SEPTEMBER 30, 1987, ONLY THE REMAINING BALANCE SHALL BE SUBJECT TO THE PAYMENT OF THE PENALTY.

SECTION 2. THIS EXECUTIVE ORDER SHALL TAKE EFFECT IMMEDIATELY.

DONE IN THE CITY OF MANILA, THIS 15th DAY OF MARCH, IN THE YEAR OF OUR LORD, NINETEEN HUNDRED AND EIGHTY-SEVEN.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 150**  
**CREATING THE PRESIDENTIAL BLUE RIBBON COMMISSION AND FOR OTHER PURPOSES**

WHEREAS, the resources of government institutions such as the Philippine National Bank, Philippine Veterans Bank, Development Bank of the Philippines, National Development Company, and the Philippine Export and Foreign Loan Guarantee Corporation among others have been dissipated by “behest” loan guarantees, credits and other financial accommodations obtained by persons and corporations associated with former President Ferdinand E. Marcos

WHEREAS, it is imperative that a thorough investigation be conducted to determine the liability, whether civil or criminal, of individuals and corporations involved in the grant and/or acquisition of these loans and to prosecute those responsible therefor;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution of the Republic, do hereby order:

SECTION 1. There is hereby created a Commission, be known as the Presidential Blue Ribbon Commission composed of a Chairman and two Members.

SECTION 2. The Commission is hereby empowered to admit other officials of the government as its members and to assemble from any government office the staff that may be necessary to carry out the purposes for which the Commission is created.

The Commission is likewise authorized to appoint such persons of integrity and moral character from the private sector as resource persons, investigators and fiscals of known integrity from the Department of Justice and its prosecution arm, the Office of the Solicitor General, the Tanodbayan and any other government office.

In the recruitment of resource persons, the Commission shall exercise extreme care to ensure that such resource persons have no connections whatsoever with any of the corporations or individuals subject of the investigation.

All persons who have been engaged by the Commission to perform any functions in connection with the work of the Commission who may thereafter be separated from the Commission shall be disqualified from representing in any capacity whatsoever, directly or indirectly, any of the entities or persons investigated by the Commission before any court, tribunal, or office.

SECTION 3. The Commission is hereby charged with the task of investigating the circumstances surrounding the grant or approval of loans, guarantees, credits, and other financial accommodations to individuals or corporations associated with former President Ferdinand E. Marcos by government-owned or controlled institutions and identifying the individuals responsible therefor. The Chairman of the Commission shall make a monthly progress report to the Cabinet.

SECTION 4. The Rules of Procedure governing the conduct of the investigation promulgated by the Office of the President shall be complied with by the Commission and its conclusions pursuant thereto regarding the existence of probable cause for the Commission of any offense and of the persons probably guilty of the same shall be sufficient compliance with the rules on preliminary investigation and the charges arising therefrom may be filed directly with the proper court.

SECTION 5. On the basis of its findings, the Commission shall file the appropriate information with the proper court against the individuals who may be guilty of the offense, including officers, directors, and employees of the government institutions who may have facilitated the grant or approval of the loans, guarantees and other credits; directors, officers and employees of the firms which were the beneficiaries of these loans, guarantees and other credits; as well as any other individual who may have facilitated or, in any other manner, benefited from the same.

SECTION 6. Subject to the provisions of Section 12 hereof, the Commission may likewise file the necessary civil complaint with the proper court against the corporations involved and prosecute the same for the purpose of recovery and/or collection.

SECTION 7. In order to effectively exercise such jurisdiction, the Commission shall have the following powers and functions:

- a) To administer oaths and issue subpoenas requiring the attendance and testimony of witnesses and/or the production of such books, papers, contracts records, statement of accounts and other documents as may be material to the investigation being conducted by the Commission, notwithstanding provisions of law to the contrary;
- b) to enjoin or restrain any actual or threatened commission of acts by any person or entity that may render moot and academic or otherwise make ineffectual the efforts of the Commission to carry out its mandate under this Executive Order;
- c) to recommend the issuance of hold departure orders against those individuals who, on the basis of the documents submitted to the Commission by the government institutions for investigation, appear to have participated in the grant, approval or acquisition of the loans guarantees or other credits or who may have facilitated the grant or approval of the same, to the Office of the President;
- d) to hold any person in direct or indirect contempt and to impose the appropriate penalties in accordance with the pertinent provisions of the rules of court;  
to enlist the aid and support of any office, agency or instrumentality of the government and to deputize, at its discretion, the National Bureau of Investigation, the Criminal Investigation Service of the Philippine Constabulary and any other law enforcing agency to assist in the performance of the Commission's duties;
- f) to exercise such other powers as may be implied from, or which are necessary or incidental to the carrying out of the express powers granted herein to achieve the objectives and purposes of this Order;  
to adopt and promulgate such other rules to supplement the rules of procedure promulgated by the Office of the President provided that the pertinent provisions of the rules of court and Presidential Decree No. 77 shall apply suppletorily to the conduct of the investigation and provided finally that the Commission shall not be bound strictly by the technical rules of procedures.

SECTION 8. The Commission or any of its officers, members or staff shall not be subject to any civil action for any act done or omitted to be done in good faith in the discharge of the functions of the Commission.

SECTION 9. Notwithstanding any provision of law to the contrary, no action shall lie against any officer, employee or agent of any government-owned or controlled institution for disclosing any information to or producing any documents before the Commission which may initiate or be material to the investigation.

SECTION 10. No member or staff of the Commission shall be required to testify or produce evidence in any judicial, legislative or administrative proceeding concerning matters within its official cognizance.

SECTION 11. There shall be a Chief Operating Officer who shall be in charge of the secretariat and the investigators and fiscals as well as the resource persons from the private sector assisting the Commission in the conduct of the investigation. There shall also be a Special Counsel to the Commission who shall provide legal assistance in the investigation and evaluation of documents and persons who may be guilty of any offense.

SECTION 12. The Commission and the Presidential Commission on Good Government shall coordinate so that the authority of the latter to recover the ill-gotten wealth of the former President, his immediate family, close relatives, cronies, business associates and subordinates to investigate and prosecute cases in connection therewith under Executive Order Nos. 1, 2, 14 and 14 A remains unimpaired and preserved.

SECTION 13. All non-government personnel who may be employed by the Commission shall be on contractual basis and may be terminated at the discretion of the Commission. Government personnel who may be assembled by the Commission to assist it in its functions may, at the discretion of the Commission, receive allowances or honoraria for their efforts.

SECTION 14. The initial amount of FIVE MILLION PESOS, or so much thereof as may be needed to carry out the purposes of this Order, is hereby set aside out of the funds of the National Treasury and made available for expenditure by the Commission. Thereafter, such other amounts as may be necessary to complete the work of the Commission shall, subject to availability of funds, be set aside out of the funds of the National Treasury upon request of the Commission.

SECTION 15. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 19th day of March, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) MAGDANGAL B. ELMA  
Assistant Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 151**

**ALLOWING CERTAIN NATIONAL GOVERNMENT CORPORATIONS TO CONTINUE THE  
PRACTICE OF PAYING TRAVEL ALLOWANCES BASED ON PRIOR YEARS' TRADITION**

WHEREAS, certain government corporations in previous years have been paying travel allowances to their personnel on the basis of actual grants by the previous administration;

WHEREAS, the employees of these government corporations are expecting the continuation of these allowances and have accordingly made financial commitments on the basis of these expectations;

WHEREAS, it is the policy of the government not to diminish the established compensation levels of its employees in order to maintain as much as possible, their standard of living, pending the completion of a study being conducted by the Department of Budget and Management to standardize the compensation of all government personnel;

WHEREAS, in consonance with the government's policy of protecting the welfare of its employees, it is important to authorize the granting of these allowances;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. All national government corporations which have, in the past, provided travel allowances to their personnel are hereby authorized to continue the payment of the said benefits on the same basis and amounts as in the previous years.

SECTION 2. The payment of the said benefits shall depend on the availability of funds and profitability of the operations of these national government corporations and shall not require additional releases from the National Treasury.

SECTION 3. The Department of Budget and Management shall provide the necessary guidelines for the implementation of this Executive Order.

SECTION 4. This Executive Order shall take effect immediately.

Done in the City of Manila, this 19th day of March, in the year of Our Lord, nineteen hundred and eighty-seven.

(SGD.) CORAZON C. AQUINO  
President of the Philippines

By the President:  
(SGD.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 152**  
**GRANTING SALARY INCREASES TO CAREER EXECUTIVE SERVICE**  
**OFFICERS OF THE GOVERNMENT**

WHEREAS, CES officials play a pivotal part in managing the resources of the Government and in the leadership role they play among government personnel;

WHEREAS, in recognition of this vital role, it is the policy of the Government to continuously maintain, within its limited financial resources, the living standards of CES officials in line with the requirements of their positions, and the responsibilities that they discharge;

WHEREAS, pursuant to this policy, the Government deems it proper to adjust the salaries of government Career Executive Service Officers;

WHEREAS, the salaries of CES officers should be aligned with those provided in the New Constitution to maintain the proper balance and equity in the salaries of government officials;

WHEREAS, the New Constitution requires the increase of the salaries of government officials and employees at the earliest possible time.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, do hereby direct:

**SECTION 1. Salary Levels.** The revised monthly salaries of Career Executive Service Officers and equivalent positions in the National Government shall be as follows:

Department Secretary	17,000
Presiding Justice of the Court of Appeals	15,000
Department Undersecretary	15,000
Special Prosecutor (Tanodbayan)	15,000
Presiding Justice of the Sandiganbayan	15,000
Associate Justice of the Court of Appeals	13,500
Associate Justice of the Sandiganbayan	13,500
Deputy Tanodbayan	13,500
Presiding Justice of the Court of Tax Appeals	12,000
Assistant Secretary	12,000
Line Bureau Director	12,000
Associate Justice of the Court of Tax Appeals	11,000
Department Staff Bureau Director	11,000
Department Regional Director	11,000
Line Bureau Assistant Director	11,000
Department Service Chief	10,000
Department Staff Bureau Assistant Director	10,000
Department Assistant Regional Director	10,000
Line Bureau Regional Director	10,000
Head Executive Assistant	10,000



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Regional Trial Court Judge	10,000
Shari'a District Court Judge	10,000
Metro Trial Court Judge	9,000
Line Bureau Assistant Regional Director	9,000

Except for representation and transportation allowances duly provided under the General Appropriations Act, the above salaries shall be in lieu of all allowances and other additional emoluments pertaining to their respective positions.

SECTION 2. Funding Sources. The salary adjustment shall be funded from the Compensation and Organizational Adjustment Fund established under Executive Order No. 87.

SECTION 3. Implementing Guidelines. The Department of Budget and Management shall prescribe the necessary guidelines for the implementation of this Executive Order, including the determination of the equivalent levels of the government positions that are not included in those enumerated in this Executive Order.

SECTION 4. Effectivity. This Executive Order shall take effect March 1, 1987.

Manila, March 25, 1987.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 152-A**  
**FURTHER RATIONALIZING THE SALARIES OF JUSTICES AND JUDGES OF THE LOWER**  
**COURTS OF THE JUDICIARY AND THE SPECIAL PROSECUTORS OF THE**  
**OFFICE OF THE TANODBAYAN.**

WHEREAS, Executive Order No. 152 increased the salaries of Career Executive Service Officers of the Government;

WHEREAS, there is a need to further rationalize the salaries of justices and judges of the Judiciary and the Special Prosecutors of the Office of the Tanodbayan in relation with the salaries of Executive positions in the Executive Branch.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby direct:

SECTION 1. The revised monthly salaries of the justices and judges of the Judiciary and Special Prosecutions of the Office of the Tanodbayan and equivalent positions shall be as follows:

Presiding Justice Court of Appeals	₱15,750
Presiding Justice Sandiganbayan	15,750
Tanodbayan	15,750
Associate Justice Court of Appeals	15,000
Associate Justice Sandiganbayan	15,000
Deputy Tanodbayan	15,000
Presiding Judge, Court of Tax Appeals	14,250
Associate Judge, Court of Tax Appeals	13,500
Regional Trial Court Judge	12,000
Shari'a District Court Judge	12,000
Metropolitan Trial Court Judge	9,000
Municipal Trial Court Judge in Cities	7,560
Municipal Trial Court Judge	6,350
Municipal Circuit Trial Court Judge	6,350
Shari'a District Court Judge	6,350

SEC. 2. The salary adjustment authorized herein shall be funded from the Compensation and Organizational Adjustment Fund established under Executive Order No. 87.

SEC. 3. The Department of Budget and Management shall prescribe the necessary guidelines for the implementation of this Order.

SEC. 4. This Order shall take effect on March 1, 1987.

Manila, March 25, 1987.

(Sgd.) **CORAZON C. AQUINO**  
President of the Philippines

By the President:  
(Sgd.) **JOKER P. ARROYO**  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *Official Gazette of the Republic of the Philippines*, 83(20), 2391.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 153**  
**GRANTING SALARY INCREASES TO RANK AND FILE GOVERNMENT EMPLOYEES**

WHEREAS, the Government fully appreciates the valuable role of government employees in providing vital services to the population at large;

WHEREAS, in recognition of this vital role, it is the policy of the Government to continuously maintain, within its limited financial resources, the living standards of government employees and to improve their welfare;

WHEREAS, pursuant to this policy, the Government deems it proper to increase the salaries of government employees.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, do hereby direct:

SECTION 1. Basic Salary Increase. All employees of the national government below the rank of Career Executive Service Officers and their equivalents, are hereby given a salary increase equivalent to five percent of their basic salaries.

SECTION 2. Agency Equity Increase. Employees of government agencies not receiving any regular emoluments higher than those provided under the National Pay Plan, are hereby given an additional salary increase equivalent to ten percent of their basic salaries.

SECTION 3. Occupational Equity Increase. In addition to the increases provided under Sections 1 and 2 above, the following classes of positions and occupational groups of employees are hereby given an additional salary increase equivalent to five percent of their basic salaries:

**Classes of positions:**

Teachers and related teaching positions  
Agricultural and Agrarian reform technologists who are bachelors degree holders  
Vocational placement officers  
Youth Welfare and development officers

**Occupational groups:**

Veterinary services group  
Social welfare group

SECTION 4. Teachers' Salary Increase. The salary increase provided for teachers herein shall constitute partial implementation of Republic Act No. 4670, otherwise known as the Magna Carta for Public School Teachers.

For purposes of these salary increases, local public school teachers and related teaching positions shall receive the same increases as national government public school teachers.

SECTION 5. Funding Sources. The salary increases for national government employees shall be funded from the Compensation and Organizational Adjustment Fund established under Executive Order No. 87.

SECTION 6. The Department of Budget and Management shall prescribe the necessary guidelines for the implementation of this Executive Order.

SECTION 7. This Executive Order shall take effect March 1, 1987.

Manila, March 25, 1987.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 154**  
**CREATING AN AWARD TO BE KNOWN AS THE “AWARD OF THE FEBRUARY 1986  
REVOLUTION RIBBON” AND PROVIDING FOR THE GRANT THEREOF**

WHEREAS, the peaceful February 1986 revolution brought about the restoration of democracy in the Philippines;

WHEREAS, that democracy had to be defended in the process of moving from a government that had taken power in the name and by the will of the Filipino people on the basis of the people’s mandate on February 7, 1986 to the government established under the Freedom Constitution and later to the government under the 1987 Constitution;

WHEREAS, in the restoration of democracy and the defense of that democracy, the uniformed members of the Armed Forces of the Philippines (AFP) and the Integrated National Police (INP) played a significant part;

WHEREAS, there is a need to recognize such patriotic acts of the uniformed members of the Armed Forces of the Philippines (AFP) and the Integrated National Police (INP);

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. There is hereby created an award, to be known as the “Award of the February 1986 Revolution Ribbon”. The award shall be in the form of a rectangular frame measuring 1 5/8 inches in length and 5/8 of an inch in width, bordered by sampaguita flowers. The ribbon shall have a light blue background. At the center of the ribbon are two stripes: at the dexter flank the yellow stripe and at the sinister flank the green stripe, each stripe measuring 1/4 of an inch.

SECTION 2. The Award of the February 1986 Revolution Ribbon is bestowed upon all uniformed members of the Armed Forces of the Philippines (AFP) and the Integrated National Police (INP) who were in the active service at any time during the period February 22, 1986 to February 11, 1987, for acts and services consisting of exceptional fidelity to the nation for their participation in the peaceful four-day February 1986 Revolution and for their unselfish efforts to bring security and stability to the Philippine Government established under the Freedom Constitution promulgated on March 25, 1986.

SECTION 3. The Ribbon shall be worn above the right breast pocket of the coat or blouse of the service uniform. It shall be placed to the left of any of the Philippine Republic Presidential Unit Citation Badge/Ribbon earlier received by the awardee.

SECTION 4. Existing Armed Forces of the Philippines (AFP) and Integrated National Police (INP) Regulations on Awards and Decorations shall be amended so as to include the Award herein created.

SECTION 5. The grant of the Award shall be announced and published in General Orders by the Chief of Staff, Armed Forces of the Philippines (AFP) and the Major Service Commanders and the Director General, Integrated National Police (INP), as appropriate.

SECTION 6. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 30th day of March, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 155**  
**AMENDING REPUBLIC ACT NO. 857**

WHEREAS, IT IS FOR THE BEST INTEREST OF ANY PERSON TEMPORARILY DEPRIVED OF HIS LIBERTY THAT HIS RIGHT TO COUNSEL DURING THE PERIOD OF HIS ARREST BE STRENGTHENED AND BE MADE MORE MEANINGFUL IN THE LIGHT OF SUBTLE AND SOPHISTICATED DENIALS THEREOF BY CERTAIN PUBLIC OFFICERS AND EMPLOYEES;

NOW, THEREFORE, I, CORAZON C. AQUINO, PRESIDENT OF THE PHILIPPINES, DO HEREBY ORDER:

SECTION 1. SECTION 1 OF REPUBLIC ACT No. 857 IS HEREBY AMENDED TO READ AS FOLLOWS:

“SECTION 1. ANY PUBLIC OFFICER OR EMPLOYEE OR ANYONE ACTING UNDER HIS ORDERS OR IN HIS PLACE, WHO SHALL OBSTRUCT, PROHIBIT, OR OTHERWISE PREVENT AN ATTORNEY ENTITLED TO PRACTICE IN THE COURTS OF THE PHILIPPINES FROM VISITING AND CONFERRING PRIVATELY WITH A PERSON ARRESTED, AT ANY HOUR OF THE DAY OR, IN URGENT CASES, OF THE NIGHT, SAID VISIT AND CONFERENCE BEING REQUESTED BY THE PERSON ARRESTED OR BY ANOTHER ACTING IN HIS BEHALF, OR BY A NATIONAL OR INTERNATIONAL NON-GOVERNMENTAL ORGANIZATION DULY ACCREDITED BY THE OFFICE OF THE PRESIDENT, SHALL BE PUNISHED BY PRISION CORRECCIONAL.”

SECTION 2. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 3. This Executive Order shall take effect (15) days after publication in the Official Gazette.

DONE IN THE CITY OF MANILA; THIS 30TH DAY OF MARCH, IN THE YEAR OF OUR LORD, NINETEEN HUNDRED AND EIGHTY-SEVEN.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.



MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 156**

FURTHER AMENDING SECTION 201 OF THE TARIFF AND CUSTOMS CODE OF THE PHILIPPINES, AS AMENDED, CHANGING THE BASE FOR CUSTOMS VALUATION FROM HOME CONSUMPTION VALUE TO COST, PLUS INSURANCE AND FREIGHT (C.I.F.) AND FOR OTHER PURPOSES

WHEREAS, the predominant international customs valuation system is the Cost, Insurance and Freight;

WHEREAS, the Philippines has previously adopted the Home Consumption Value System of valuation;

WHEREAS, the Cost, Insurance and Freight (C.I.F.) valuation system conforms more to existing customs administrative procedures and practices formulated to facilitate the flow of international trade;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 201 of the Tariff and Customs Code of the Philippines, as amended, is hereby further amended to read as follows:

“SEC. 201. Basis of Dutiable Value. - The dutiable value of an imported article subject to an ad valorem rate of duty shall be based on the cost (fair market value) of same, like or similar articles, as bought and sold or offered for sale freely in the usual wholesale quantities in the ordinary course of trade in the principal markets of the exporting country on the date of exportation to the Philippines (excluding internal excise taxes to be remitted or rebated) or where there is none on such date, then on the cost (fair market value) nearest to the date of exportation, including the value of all containers, coverings and/or packings of any kind and all other expenses, costs and charges incident to placing the article in a condition ready for shipment to the Philippines, and freight as well as insurance premium covering the transportation of such articles to the port of entry in the Philippines.

Where the fair market value or price of the article cannot be ascertained thereat or where there exists a reasonable doubt as to the fairness of such value or price, then the fair market value or price in the principal market in the country of manufacture or origin, if it is not the country of exportation, or in a third country with the same stage of economic development as the country of exportation shall be used.

When the dutiable value of the article cannot be ascertained in accordance with the preceding paragraphs or where there exists a reasonable doubt as to the cost (fair market value) of the imported article declared in the entry, the correct dutiable value of the article shall be ascertained by the Commissioner of Customs from the reports of the Revenue or Commercial Attache (Foreign Trade Promotion Attache), pursuant to Republic Act Numbered Fifty-Four Hundred and Sixty-Six or other Philippine diplomatic officers or Customs Attaches and from such other information that may be available to the Bureau

of Customs. Such values shall be published by the Commissioner of Customs from time to time.

When the dutiable value cannot be ascertained as provided in the preceding paragraphs, or where there exists a reasonable doubt as to the dutiable value of the imported article declared in the entry, it shall be the domestic wholesale selling price of such or similar article in Manila or other principal markets in the Philippines on the date the duty become payable on the article under appraisement, on the usual wholesale quantities and in the ordinary course of trade, minus

- (a) not more than twenty-five (25) per cent thereof for expenses and profits; and
- (b) duties and taxes paid thereon.”

SECTION 2. The Commissioner of Customs shall, subject to the approval of the Minister of Finance, promulgate the rules and regulations necessary to implement the provisions of this Executive Order.

SECTION 3. This Executive Order supersedes Executive Order No. 71 and all laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 4. This Executive Order shall take effect immediately.

Done in the City of Manila, this 30th day of March, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 157**

**PROVIDING FOR ABSENTEE VOTING BY OFFICERS AND EMPLOYEES OF GOVERNMENT WHO ARE AWAY FROM THE PLACES OF THEIR REGISTRATION BY REASON OF OFFICIAL FUNCTIONS ON ELECTION DAY**

WHEREAS, under the electoral law now in force the rule is that a person has to be physically present in the polling place whereof he is a registered voter in order to be able to vote;

WHEREAS, the only exception is that established by Section 169 of Batas Pambansa Blg. 881, which allows members of the board of election inspectors to vote in the polling place where they are assigned on election day, under certain conditions;

WHEREAS, there are other persons who, by reason of public functions and duties, are assigned on election day in places other than their place of registration, and under existing rules, are thus unable to vote;

WHEREAS, the democratic principle requires the broadest participation in electoral and similar exercises by persons who have all the qualifications and none of the disqualifications to vote;

WHEREAS, government officials and employees who are assigned to places other than their place of registration must not be deprived of their right to participate in electoral exercises;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Any person who by reason of public functions and duties, is not in his/her place of registration on election day, may vote in the city/municipality where he/she is assigned on election day: Provided, That he/she is a duly registered voter.

SECTION 2. Thirty (30) days before the election, the appropriate head of office shall submit to the Commission on Elections a list of officers and employees of the office who are registered voters, and who, by reason of their duties and functions, will be in places other than their place of registration, and who desire to exercise their right to vote, with the request that said officers and employees be provided with application forms to cast absentee ballots in their place of assignment.

The list and the request shall be under oath.

SECTION 3. Upon verification by the Commission on Elections that the persons included in the list are qualified voters, it shall transmit the exact number of application forms to the head of the office making the request.

SECTION 4. The application forms shall be returned duly accomplished to the Commission on Elections not later than April 25, 1987.

SECTION 5. Upon verification of the applications, the Commission shall transmit the exact number of absentee ballots to the appropriate head of the government office for distribution to the applicants.

SECTION 6. The head of the office shall prepare a sworn report on the manner of distribution of the absentee ballots, indicating therein the number of ballots transmitted to each province, the names of the persons to whom the absentee ballots are delivered, and the serial numbers of the ballots. It shall be accompanied by a certificate of eligibility to vote absentee for each particular voter.

SECTION 7. For the purpose of the 1987 congressional election, the absentee voters shall vote only for candidates for senator.

SECTION 8. The voters who cast absentee votes shall vote one week before election day. They shall do so by delivering to the Commission on Elections Regional Director, or the Provincial Election Supervisor or the City or Municipal Election Registrar of the place of their assignment the special Commission on Elections absentee ballot within two security envelopes, the one containing the absentee ballots indicating only that it is an envelope of the Commission on Elections, and the other envelope indicating the name of the absentee voter and his/her affidavit number.

SECTION 9. The Commission on Elections official concerned to whom the absentee vote is delivered shall immediately transmit by the fastest means available to the Commission on Elections the special Commission on Elections absentee ballot within two security envelopes so that the same are in the central office of the Commission one day before the elections.

The transmittal letter shall indicate the names of the persons who cast the absentee votes, their voters' affidavit numbers and their certificates of eligibility to vote absentee.

SECTION 10. The Commission on Elections shall canvass the votes cast by absentee voters and shall add the results of the same to the votes reported throughout the country.

SECTION 11. The Commission shall promulgate the necessary rules and regulations to implement this Executive Order.

SECTION 12. Section 169 of Batas Pambansa Blg. 881 shall remain in force and effect, and shall continue to govern the voting privilege of members of the board of election inspectors. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 13. This Executive Order shall take effect immediately.

Done in the City of Manila, this 30th day of March, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 158**  
**CREATING THE “TULONG SA TAO FUND” AND FOR OTHER PURPOSES**

WHEREAS, the National Government has embarked on a Rural-Based Employment Program to pump-prime the economy and to address without delay the critical problem of unemployment in the country;

WHEREAS, while the Rural-Based Employment Program will be largely focused on immediate-impact projects in infrastructure and similar areas of relatively short duration, there is a need to provide for employment generation opportunities in productive activities on a continuing basis;

WHEREAS, in line with the national employment-generation effort and in response to the need for generating continuing employment in productive activities, the Ministry of Trade and Industry has developed the “Tulong Sa Tao” Employment Generation Program;

WHEREAS, in order to implement the “Tulong Sa Tao” Employment Generation Program, a funding of at least one hundred million pesos is needed as a revolving fund to provide credit facilities to as many beneficiaries as possible for the purpose of employment generation;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Creation of the Revolving Fund. There is hereby created a revolving fund to be known as the “Tulong Sa Tao Fund”, hereinafter referred to as the “Fund”, which shall be administered by the Ministry of Trade and Industry, hereinafter referred to as the “Ministry”.

SECTION 2. Composition of the Fund: purposes thereat.

(a) The Fund shall consist of an initial seed money in the amount of one hundred million pesos which is hereby allocated and out of which, thirty million pesos is hereby released from the applicable lump-sum fund of the National Government in the 1986 General Appropriations Act to the Ministry, to be utilized for the Self-Employment Loan Assistance component of the “Tulong Sa Tao” Employment Generation Program. The balance of seventy million pesos shall likewise be released from the lump-sum loan fund of the National Government in the 1987 General Appropriations Act to the Ministry, to be allocated among the “Tulong Sa Tao” Employment Generation Program’s components as herein provided in the proportion to be determined by the Ministry, and shall be utilized for the purposes indicated below, as follows:

<u>COMPONENT/FUND</u>	<u>PURPOSE</u>
(1) Self-employment Loan Assistance	To encourage self-employment by providing loans to entrepreneurs
(2) Subcontracting Financing	To encourage subcontracting by providing financing for subcontracting businesses.

(b) All income and interest earned by the Fund shall accrue to the said Fund and may be used for relending, consistent with the purposes of this Executive Order, as well as to defray the operational, administrative, and other expenses related to the implementation of this Executive Order. The compensation of contractual and casual employees hired to assist in the operations under this

Executive Order may be charged to the Fund subject to the rules and regulations issued by the Office of Budget and Management.

SECTION 3. Role of Financial Institutions. The initial seed money authorized for outlay under this Executive Order shall be remitted to the government financial institutions selected by the Ministry. It shall be constituted and administered as trust funds under such terms and conditions as may be agreed upon by the Ministry and the financial institution concerned.

SECTION 4. Powers and Functions of the Minister of Trade and Industry relative to the administration of the Fund. The Minister shall have the following powers and functions relative to the administration of the Fund:

- (a) To identify areas and localities that will be given priority in the implementation of the “Tulong Sa Tao” Employment Generation Program;
- (b) To designate the units, officers, and staff of the Ministry that shall implement the “Tulong Sa Tao” Employment Generation Program;
- (c) To select the government financial institutions that will administer the trust fund;
- (d) To determine the amount of loans to borrowers from the Fund, including private voluntary organizations, rural banks and development banks; the qualifications of borrowers; and the terms and conditions of the loans;
- (e) To exercise such other powers and functions required for the success of the “Tulong Sa Tao” Employment Generation Program.

SECTION 5. Reports. The Ministry shall submit to the Office of Budget and Management a quarterly report of the income and expenditures of the Fund.

SECTION 6. Rules and Regulations. The implementing rules and regulations of this Executive Order shall be jointly formulated by the Ministry of Trade and Industry and the Office of Budget and Management.

SECTION 7. Effectivity. This Executive Order shall take effect immediately.

Done in the City of Manila, this 13th day of April, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 159**

**REVERTING TO THE PHILIPPINE PORTS AUTHORITY ITS CORPORATE AUTONOMY,  
ENSURING THE RAPID DEVELOPMENT OF PORTS OR THE PORT SYSTEM  
DIRECTLY UNDER IT, AND AUTHORIZING IT TO EXECUTE PORT  
PROJECTS UNDER ITS PORT PROGRAM.**

WHEREAS, the Philippine Ports Authority was created to coordinate, streamline, improve and optimize the planning, development, financing and operation of ports or port system for the entire country

WHEREAS, the Philippine Ports Authority has embarked on a ports construction and development program funded mainly from its own internally generated revenues as well as loans from foreign financial institutions;

WHEREAS, there is a need to ensure and hasten the continuing growth and development of the government ports directly administered and maintained by the Philippine Ports Authority in order to cater to the ever-increasing needs of water-borne commerce, and to effectively serve as vital links in the overall transport system in the country;

WHEREAS, certain laws issued by the past administration adversely affected the coordinated programming, operations, financing and budgetary requirements of ports or the port system under the Philippine Ports Authority, and unduly jeopardized its corporate autonomy, all to the detriment of public service.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines do hereby order:

SECTION 1. Any provisions of law to the contrary notwithstanding, all revenues of the Philippine Ports Authority generated from the administration of its port or port-oriented services and from whatever sources shall be utilized exclusively for the operations of the Philippine Ports Authority as well as for the maintenance, improvement and development of its port facilities, upon the approval of the Philippine Ports Authority Board of Directors of its budgetary requirements, as exemptions to Presidential Decree No. 1234 and the budgetary processes provided in Presidential Decree No. 1177, as amended.

SECTION 2. Letters of Instructions No. 734 dated September 1, 1978 is hereby repealed. Henceforth, the Philippine Ports Authority Board of Directors is hereby authorized to program and approve all capital investments and expenditures on all projects of the Philippine Ports Authority before the same are implemented.

SECTION 3. Any provision of law to the contrary notwithstanding, the Philippine Ports Authority shall be responsible for the planning, detailed engineering, construction, expansion, rehabilitation and capital dredging of all ports under its port system.

SECTION 4. All laws, orders, issuances, rules and regulations, or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 5. This Executive Order shall take effect immediately

Done in the City of Manila, this 13th of April, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.



MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 160**

**FURTHER AMENDING PRESIDENTIAL DECREE NO. 79, AS AMENDED, ENTITLED  
“REVISING THE POPULATION ACT OF NINETEEN HUNDRED AND SEVENTY ONE”**

WHEREAS, in pursuance of the State policies on the family and other related policies enunciated in the 1987 Constitution, the Population Commission must be strengthened by making the composition and membership of its Board more responsive to the roles the Commission is called upon to perform in the light of the 1987 Constitution;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 6 of Presidential Decree No. 79, as amended, is hereby further amended to read as follows:

“SEC. 6. Board of Commissioners. - All the functions and powers of the Population Commission shall be vested in and exercised by a Board of Commissioners, hereinafter referred to as the Board, composed of eleven (11) members from the government and three (3) members as representatives of the private sector, as follows:

The Secretary of Social Welfare and Development	Chairman
The Director-General of National Economic and Development Authority	Member
The Secretary of Health	Member
Secretary of Local Government	Member
The Secretary of Labor and Employment	Member
Secretary of Agriculture	Member
The Secretary of Agrarian Reform	Member
Secretary of Trade and Industry	Member
The Secretary of Public Works and Highways	Member
Secretary of Education, Culture and Sports	Member
The Director of University of the Philippines Population Institute	Member

**Private Sector Representatives**

Dr. Ruben Apelo	Family Planning Organization of the Philippines
Dr. Gloria T. Aragon	Liaison Officer National Commission on the Role of Filipino Women
Dr. Conrado Lorenzo, Jr.	Population Center Foundation

The private sector representatives shall serve at the pleasure of the President of the Philippines.

SECTION 2. Section 8 of Presidential Decree No. 79 as amended, is hereby further amended to read as follows

“SEC. 8. The Chairman. - The Chairman of the Board of the Population Commission shall have the following powers and duties:

- (a) To call and preside over the meetings of the Board;
- (b) To review, and with the concurrence of the Board, authorize major policies and programs as a whole
- (c) To appoint, with the approval of the Board, the Executive Director and such number of Deputy Executive Directors and Regional Directors as the exigencies of the service may require and recommend to the Board their respective compensation and the suspension and removal of said officials for cause;
- (d) To submit to the President an annual report and such periodic reports as may be necessary on the accomplishments and programs of the POPCOM;
- (e) To accept on behalf of the POPCOM, gifts, grants or donations and administer, obligate and disburse the same in accordance with the provisions of this Decree;
- (f) To constitute committees consisting of members of the Board or such other experts and consultants from both the private and public sectors as are deemed necessary to conduct studies for the POPCOM or to assist in the discharge of its functions; and subject to the approval of the Board, authorize the payment of honoraria or additional compensation and commutable traveling allowances for services rendered, except to the members of the Board;
- (g) To delegate to the Executive Director subject to the Approval of the Board any of the powers vested in him as may be necessary in the performance of functions; and
- (h) To perform such other duties as may be assigned to him by the Board from time to time.”

SECTION 3. Section 9 of Presidential Decree No. 79, as amended, is hereby further amended to read as follows:

“SEC. 9. Meetings. - The Board shall meet at least once every four months or oftener at the call of the Chairman. Eight (8) members of the Board shall constitute a quorum and no action shall be considered as a decision of the Board unless it carries the affirmative vote of at least eight (8) members present and voting. The members of the Board who are government officials shall serve without additional compensation.”

SECTION 4. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 5. This Executive Order shall take effect immediately.

Done in the City of Manila, this 13th day of April, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 161**  
**EXEMPTING FROM SALES TAX GOODS SOLD TO THE ASIAN DEVELOPMENT BANK**  
**AND EXEMPTING FROM CONTRACTORS TAX SERVICES RENDERED TO THE ASIAN**  
**DEVELOPMENT BANK.**

WHEREAS, the Philippines is a contracting party to the Agreement Establishing the Asian Development Bank;

WHEREAS, the Asian Development Bank has continuously been supportive of the economic recovery program of the Philippines;

WHEREAS, the exemption from sales tax of goods sold to the Asian Development Bank and the exemption from contractors tax of services rendered to the Asian Development Bank will enhance the competitiveness of domestic suppliers of goods and/or services;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order

SECTION 1. Provisions of the National Internal Revenue Code, as amended, to the contrary notwithstanding:

goods sold directly to the Asian Development Bank shall not be subject to sales tax, and  
services rendered under contracts entered into with the Asian Development Bank shall not  
be subject to contractors tax.

SECTION 2. The Secretary of Finance shall promulgate the rules and regulations to implement the provisions of this Executive Order.

SECTION 3. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 21st day of April, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

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MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 162**

**FURTHER AMENDING B.P. BLG. 881, OTHERWISE KNOWN AS THE “OMNIBUS  
ELECTION CODE OF THE PHILIPPINES”**

WHEREAS, there is a need to ensure a free, orderly and honest conduct of the election;

WHEREAS, the employment of teachers as watchers and members of the Board of Election Inspectors is vital to the preservation of the secrecy and sanctity of the ballot;

WHEREAS, the remuneration of teachers should be commensurate with their vital role in the election process and should be reflective of the delicate nature of their responsibilities;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. POOL OF STANDBY-TEACHERS. The COMELEC is hereby authorized to constitute a pool of standby-teachers from which substitutes shall be drawn in case a member/s of the Board of Election Inspectors who, for one reason or another, failed to report or refused to act as such on the day of election.

SECTION 2. PER DIEMS. The chairmen and the poll clerks of the Boards of Election Inspectors shall each receive per diem at the rate of two hundred pesos on election day.

Any member of the pool of standby-teachers who shall actually be drawn to serve as member of the board of election inspectors, shall receive a per diem of two hundred pesos on election day.

Education support personnel of the Department of Education, Culture and Sports shall receive a per diem of fifty pesos during election day.

Supervisors, principals and other administrators of the Department of Education, Culture and Sports who may be asked by the Commission, and actually report, for supervisory assignment during election days shall be entitled to per diem of one hundred pesos each.

SECTION 3. APPROPRIATIONS. The amount necessary to cover the per diems authorized in this Executive Order shall be charged against the TWO HUNDRED MILLION PESOS appropriations of the Commission on Elections authorized under Executive Order No. 134 dated February 27, 1987.

SECTION 4. REPEALING CLAUSE. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 5. EFFECTIVITY. This Executive Order shall take effect immediately.

Done in the City of Manila, this 5th day of May, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 163**

DECLARING THE EFFECTIVITY OF THE CREATION OF THE COMMISSION ON HUMAN RIGHTS AS PROVIDED FOR IN THE 1987 CONSTITUTION, PROVIDING GUIDELINES FOR THE OPERATION THEREOF, AND FOR OTHER PURPOSES.

WHEREAS, the 1987 Constitution has been ratified by the people;

WHEREAS, the 1987 Constitution has created an independent office called the Commission on Human Rights; and

WHEREAS, there is an urgent necessity to constitute the Commission on Human Rights to give effect to the State policy that “the State values the dignity of every human person and guarantees full respect for human rights”.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. The Commission on Human Rights as provided for under Article XIII of the 1987 Constitution is hereby declared to be now in existence.

SECTION 2. (a) The Commission on Human Rights shall be composed of a Chairman and four Members who must be natural-born citizens of the Philippines and, at the time of their appointment, at least thirty five years of age, and must not have been candidates for any elective position in the elections immediately preceding their appointment. However, a majority thereof shall be members of the Philippine Bar.

(b) The Chairman and the Members of the Commission on Human Rights shall not, during their tenure, hold any other office or employment. Neither shall they engage in the practice of any profession or in the active management or control of any business which in any way be affected by the functions of their office, nor shall they be financially interested, directly or indirectly, in any contract with, or in any franchise or privilege granted by the government, any of its subdivisions, agencies, or instrumentalities, including government-owned or controlled corporations or their subsidiaries.

(c) The Chairman and the Members of the Commission on Human Rights shall be appointed by the President for a term of seven years without reappointment. Appointment to any vacancy shall be only for the unexpired term of the predecessor.

(d) The Chairman and the Members of the Commission on Human Rights shall receive the same salary as the Chairman and Members, respectively, of the Constitutional Commissions, which shall not be decreased during their term of office.

SECTION 3. The Commission of Human Rights shall have the following powers and functions:

(1) Investigate, on its own or on complaint by any party, all forms of human rights violations involving civil and political rights;

(2) Adopt its operational guidelines and rules of procedure, and cite for contempt for violations thereof in accordance with the Rules of Court.

- 
- (3) Provide appropriate legal measures for the protection of human rights of all persons within the Philippines, as well as Filipinos residing abroad, and provide for preventive measures and legal aid services to the under-privileged whose human rights have been violated or need protection;
  - (4) Exercise visitorial powers over jails, prisons, or detention facilities;
  - (5) Establish a continuing program of research, education, and information to enhance respect for the primacy of human rights;
  - (6) Recommend to the Congress effective measures to promote human rights and to provide for compensation to victims of violations of human rights, or their families;
  - (7) Monitor the Philippine Government's compliance with international treaty obligations on human rights;
  - (8) Grant immunity from prosecution to any person whose testimony or whose possession of documents or other evidence is necessary or convenient to determine the truth in any investigation conducted by it or under its authority;
  - (9) Request the assistance of any department, bureau, office, or agency in the performance of its functions;
  - (10) Appoint its officers and employees in accordance with law; and
  - (11) Perform such other duties and functions as may be provided by law.

SECTION 4. The Presidential Committee on Human Rights, created under Executive Order No. 8 dated March 18, 1986, as modified, is hereby abolished. The Commission on Human Rights shall exercise such functions and powers of the Presidential Committee on Human Rights under Executive Order No. 8, as modified, which are not inconsistent with the provisions of the 1987 Constitution.

The unexpended appropriations of the Presidential Committee on Human Rights are hereby transferred to the Commission on Human Rights. All properties, records, equipment, buildings, facilities and other assets of the Presidential Committee on Human Rights shall be transferred to the Commission on Human Rights.

The Commission on Human Rights may retain such personnel of the Presidential Committee on Human Rights as may be necessary in the fulfillment of its powers and functions. Any public officer or employee separated from service as a result of the abolition of the Presidential Committee on Human Rights effected under this Executive Order shall receive the benefits to which they may be entitled under existing laws, rules and regulations.

SECTION 5. The approved annual appropriations of the Commission on Human Rights shall be automatically and regularly released.

SECTION 6. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 7. This Executive Order shall take effect immediately.



Done in the City of Manila, this 5th day of May, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 163-A**  
AMENDING SECTION 2, SUB-PARAGRAPH (C OF EXECUTIVE ORDER NO. 163.

WHEREAS, the Constitution does not prescribe the term of office of the Chairman and Members of the Commission on Human Rights unlike those of other Constitutional Commissions;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 2, sub-paragraph (c) of Executive Order No. 163 is hereby amended to read as follows:

“The Chairman and Members of the Commission on Human Rights shall be appointed by the President. Their tenure in office shall be at the pleasure of the President.”

SECTION 2. This Executive Order shall take effect immediately.

Done in the City of Manila, this 30th day of June, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 164**  
**PROVIDING ADDITIONAL GUIDELINES IN THE PROCESSING AND APPROVAL OF**  
**CONTRACTS OF THE NATIONAL GOVERNMENT.**

WHEREAS, as a consequence of the continued expansion of developmental projects and increased delivery of essential public services to the people, the volume and value of government contracts have substantially increased over the years;

WHEREAS, in view of such increase in the contracting activities of the government and in line with the government's policy of decentralization and administrative delegation which is intended to expedite the implementation of projects, it is thus necessary that Secretaries and governing boards of government-owned or controlled corporations be provided with greater authority to approve contracts to implement projects falling within their respective jurisdiction;

WHEREAS, to ensure that essential materials and services needed by the government are procured at the most economical and advantageous terms, there is a need to expand the membership of the Prequalifications, Bids and Awards Committees existing in every Department/Agency/Implementing Office so as to include representatives from the private sector, as non-voting members;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. *Ceiling for infrastructure Contracts.*—The following shall be the ceilings for all civil works, construction and other contracts for infrastructure projects, including supply contracts for said projects, awarded through public bidding or through negotiation, which may be approved by the Secretaries of Public Works and Highways, Transportation and Communications, Local Government with respect to Rural Road Improvement Project, and governing boards of government-owned or controlled corporations.

	Awarded through Public Bidding	Awarded Through Negotiation
a. Secretary of Public Works and Highways .....	₱100 Mil.	₱10 Mil.
b. Secretary of Transportation and Communications .....	100 Mil.	10 Mil.
c. Secretary of Local Government with respect to the Rural Road Improvement Project .....	100 Mil.	2 Mil.
d. Governing Boards of Infrastructure Corporations (National Power Corporation, National Irrigation Administration, Metropolitan Waterworks and Sewerage System, National Housing Authority, Philippine Port Authority, National Electrification Administration, Export Processing Zone Authority, Philippine National Railways, Local Water Utilities Administration, Light Rail Transit Authority and Philippine National Oil Company) .....	₱50 Mil.	₱5 Mil.
e. Governing Boards of Non-Infrastructure Corporations .....	7.5 Mil.	1 Mil.

Save as provided for above, the approval ceilings signed to the departments/agencies involved in national infrastructure and construction projects shall remain at their present levels.

SEC. 2. *Contracts for Approval by the President.*—Contracts for infrastructure projects, including contracts for the supply of materials and equipment to be used in said projects, which involve amounts above the ceilings provided in the preceding section shall be approved by the President: *Provided*, That the President may, when conditions so warrant, and upon recommendation of the National Economic and Development Authority, revise the aforesaid ceilings of approving authority.

SEC. 3. *Approval of Consultancy Contracts.*—All purely consultancy contracts relating to infrastructure projects, regardless of amount, shall be approved by the Secretaries concerned, in accordance with the Guidelines on the Hiring of Consultants to be promulgated by the National Economic and Development Authority: *Provided*, That the National Economic and Development Authority shall be furnished by the departments, agencies or government corporations concerned, copies of all consultancy contracts entered into by them involving an amount in excess of ₱1 million for monitoring purposes.

SEC. 4. *Delegation of Authority to Governing Boards of Government Corporations.*—The Secretaries are hereby authorized to delegate to the governing boards of government-owned or controlled corporations which are attached to or are under the administrative supervision of their respective departments, the authority to approve contracts for infrastructure projects entered into by said corporations involving amounts which are beyond the ceilings provided for government corporations under Section 1 hereof but which are within the approving authority of the Secretaries under the said Section. In the case of government corporations which are attached to or under the Office of the President, the delegation shall be made by the Executive Secretary.

SEC. 5. *Public Bidding of Contracts; Exceptions.*—As a general rule, contracts for infrastructure projects shall be awarded after open public bidding to bidders who submit the lowest responsive/evaluated bids. Open Public Bidding shall be conducted among prequalified contractors in accordance with existing laws, rules and regulations not inconsistent with the provisions of this Executive Order. The Award of such contracts through negotiation shall only be allowed by the Secretary or Governing Board of the Corporation concerned within the limits as stated in Section 1 hereof in the following cases:

- a. In times of emergencies arising from natural calamities where immediate action is necessary to prevent imminent loss of life and/or property, in which case, direct negotiation or simplified bidding may be undertaken;
- b. Failure to award the contract after competitive public bidding for valid cause or causes, in which case, simplified bidding may be undertaken;
- c. Where the construction project covered by the contract is adjacent or contiguous to an on-going project and it could be economically prosecuted by the same contractor, in which case, direct negotiation may be undertaken with the said contractor at the same unit prices and contract conditions, less mobilization costs, provided, that he has no negative slippage and has demonstrated a satisfactory performance. Otherwise, the contract shall be awarded through public bidding.

SEC. 6. *Contracts for Community Employment and Development Program Projects.*—Contracts covering projects under the Community Employment and Development Program of the government shall be awarded through open public bidding: *Provided*, That the invitation to bid for the said projects shall be advertised at least once within one week in a newspaper of local circulation within

the province where the project is situated, through posting of notices in the premises of the municipal/provincial office, and through other forms of media, such as radio and television: *Provided, further,* That the deadline for submission of bids for projects costing not more than ₱1 million each may be shortened for one week after the date of such invitation, posting of notices or advertisement through other forms of media.

SEC. 7. *Constitution of the Prequalification, Bids and Awards Committee.*—Each department/office/agency shall have in its head office or in its implementing offices a Prequalification, Bids and Awards Committee which shall be responsible for the conduct of prequalification of contractors, biddings, evaluation of bids and recommending awards of contracts. Each Prequalification, Bids and Awards Committee shall be composed of the following:

- a. A Chairman (regular) who should at least be a third ranking official of the department/agency/ implementing Office.
- b. An Executive Officer and Secretary (regular) who is a Legal Officer of the department/office/ agency/implementing office.
- c. A Technical Member (regular) to be designated by the head of the department/office/agency/ implementing office.
- d. Two members (provisional) with experience in the type of projects to be bid and in project management, duly designated by the head of the department/office/agency/implementing office on a project-to-project basis.
- e. A representative from at least one of the following organizations who shall be a non-voting member:
  1. Philippine Institute of Civil Engineers
  2. Philippine Constructors Association
  3. National Confederation of Contractors Associations of the Philippines, Inc.
  4. Philippine Institute of Certified Public Accountants

The representation in the Prequalification, Bids and Awards Committee of the above-mentioned private organizations shall be made as follows:

1. During the prequalification stage, the representative to be invited shall come from the Philippine Institute of Certified Public Accountants.
2. In the bidding, bid evaluation and award stages, a representative each from the Philippine Institute of Certified Public Accountants and from the Philippine Constructors Association or the National Confederation of Contractors Associations of the Philippines, Inc. shall be invited as non-voting members of the Prequalification, Bids and Awards Committee without prejudice to inviting another representative/s from any of the other organizations mentioned above.

SEC. 8. *Approval of Other Types of Government Contracts.*—All other types of government contracts which are not within the coverage of this Executive Order shall continue to be processed and approved in accordance with existing laws, rules and regulations.

SEC. 9. *Applicability of Presidential Decree No. 1594 and Its Implementing Rules.*—The Provisions of Presidential Decree No. 1594 and its Implementing Rules and Regulations shall, except as modified in this Executive Order, continue to be applicable.

SEC. 10. *Repealing Clause*.—All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SEC. 11. *Effectivity*.—This Executive Order shall take effect immediately.

DONE in the City of Manila, this 5th day of May, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO  
President of the Philippines

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Museum and Library**

Office of the President of the Philippines. (1987). *Official Gazette of the Republic of the Philippines*, 83(19), 2271-2274.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 165**

**ABOLISHING THE PRESIDENTIAL COMMISSION ON GOVERNMENT REORGANIZATION,  
TRANSFERRING ITS REMAINING FUNCTIONS TO THE DEPARTMENT OF BUDGET AND  
MANAGEMENT, AND FOR OTHER PURPOSES.**

WHEREAS, it is the avowed policy of the government to streamline operations and eliminate unnecessary duplication of functions;

WHEREAS, the Department of Budget and Management is mandated to promote economy and efficiency in government operations, including the development of agency organizational structure and staffing pattern, and the design and review of systems and procedures for methods improvement and optimum resource utilization; and

WHEREAS, the remaining functions of the Presidential Commission on Government Reorganization relative to the provision of staff assistance to the President and concerned agencies on reorganization, can now be absorbed by the Department of Budget and Management.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. The Presidential Commission on Government Reorganization is hereby abolished and its remaining functions, appropriations, records, property and equipment, and such personnel as may be necessary, are transferred to the Department of Budget and Management.

SEC. 2. The implementing details on the reorganization of government agencies shall be submitted to the Department of Budget and Management for consideration and inclusion in the budget document.

SEC. 3. All laws, decrees, rules and regulations and other issuances or parts thereof which are contrary to or inconsistent with this Executive Order are hereby repealed or modified accordingly.

SEC. 4. This Executive Order shall take effect immediately.

Done in the City of Manila, this 5th day of May, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 166**

GRANTING A NEW DEADLINE FOR THE FILING OF INCOME TAX RETURNS FOR THE  
INCOME EARNED IN THE YEAR 1986 BY NON-RESIDENT FILIPINOS, WITHOUT PENALTY

WHEREAS, the deadline for the filing of Income Tax Returns for income earned in the year 1986 is on April 15, 1987;

WHEREAS, the Government has received numerous requests from non-resident taxpayers for extension of the period within which to file income tax returns without penalty;

WHEREAS, the grant of this extension will greatly redound to the benefit of the government as it will raise more revenues and encourage non-resident taxpayers to declare voluntarily their income and pay the tax due thereon;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Any provision of law to the contrary notwithstanding, a new period within which non-resident taxpayers may file their respective income tax returns for income earned in the year 1986 without penalty is hereby granted, to expire on May 31, 1987.

SECTION 2. This Executive Order shall take effect immediately.

Done in the City of Manila, this 5th day of May, in the year of Our Lord, nineteen hundred and eighty-seven.

(SGD.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.



MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 167**

REPEALING PRESIDENTIAL DECREES NOS. 1835 AND 1975, AND REVIVING REPUBLIC ACT NO. 1700 ENTITLED “AN ACT TO OUTLAW THE COMMUNIST PARTY OF THE PHILIPPINES AND SIMILAR ASSOCIATIONS, PENALIZING MEMBERSHIP THEREIN AND FOR OTHER PURPOSES.”

WHEREAS, the former Congress of the Philippines enacted Republic Act No. 1700 entitled “An Act to Outlaw the Communist Party of the Philippines and Similar Associations, Penalizing Membership Therein and for Other Purposes”;

WHEREAS, said Republic Act was superseded by Presidential Decree No. 885, entitled “Outlawing Subversive Organizations, Penalizing Membership Therein and For Other Purposes,” and in turn Presidential Decree 885 was amended by Presidential Decree No. 1736;

WHEREAS, Presidential Decree No. 885, as amended by Presidential Decree No. 1736, was likewise superseded by Presidential Decree No. 1835, entitled, “Codifying The Various Laws on Anti-Subversion and Increasing the Penalties for Membership in Subversive Organization,” which in turn was amended by Presidential Decree No. 1975;

WHEREAS, the above-mentioned Decrees unduly restricts the constitutional right to form associations;

WHEREAS, there is therefore need to repeal Presidential Decrees Nos. 1835 and 1975;

WHEREAS, the Supreme Court in the case of *People vs. Ferrer* (8 SCRA 382) has, however, found the Communist Party of the Philippines to be an illegal association working for the overthrow of the Philippine Government by armed struggle and establish a communist form of government;

WHEREAS, the repeal of the above-mentioned Decrees would leave a vacuum in the sense that membership in subversive organizations like the Communist Party of the Philippines would no longer be punishable, thereby posing a grave danger to the stability and existence of the Government; and

WHEREAS, considering the foregoing premises, it is likewise imperative to revive Republic Act No. 1700.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. Presidential Decrees Nos. 1835 and 1975 are hereby repealed.

SEC. 2. All laws inconsistent herewith and all presidential issuances, orders, rules and regulations implementing Presidential Decrees Nos. 1835 and 1975 are hereby likewise repealed or modified accordingly.

SEC. 3. Republic Act No. 1700, entitled “An Act to Outlaw the Communist Party of the Philippines and Similar Associations, Penalizing Membership Therein and for Other Purposes” is hereby revived.

SEC. 4. This Executive Order shall take effect immediately.

Done in the City of Manila, this 5th day of May, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 168**

**REPEALING PRESIDENTIAL DECREE NO. 1587 ENTITLED “INSTITUTING THE  
ADMINISTRATIVE CODE OF 1978”.**

WHEREAS, on June 11, 1978, former President Ferdinand E. Marcos signed Presidential Decree No. 1587, entitled “Instituting the Administrative Code of 1978”;

WHEREAS, the said Decree was never implemented as it was not officially released upon orders of the former President;

WHEREAS, the same Decree is among the unpublished Decrees in the Official Gazette;

WHEREAS, most of the provisions of that Decree pertain to the organizational structure and functions of the government which have now become obsolete, and hence it is imperative that the Decree be repealed;

WHEREAS, under Article 2 of the New Civil Code and the ruling of the Supreme Court in the case of Tañada, et al. vs. Tuvera, et al. (G.R. No. L-63915, Dec. 29, 1986), laws must be published in the Official Gazette as a condition or prerequisite for their effectivity; and

WHEREAS, although Presidential Decree No. 1587, being an unpublished Decree, may be deemed to be without legal force and effect under the aforesaid judicial ruling, it is, however, still necessary to expressly repeal it, so as to obviate any misconception as to its validity and to ensure that it will not be given life by publication in the Official Gazette.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. Presidential Decree No. 1587, entitled “Instituting Administrative Code of 1978,” is hereby repealed.

SEC. 2. Thi Executive Order shall take effect immediately.

Done in the City of Manila, this 5th day of May, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 169**

REPEALING PRESIDENTIAL DECREE NO. 810, ENTITLED “AN ACT GRANTING THE PHILIPPINE JAI-ALAI AND AMUSEMENT CORPORATION A FRANCHISE TO OPERATE, CONSTRUCT AND MAINTAIN A FRONTON FOR BASQUE PELOTA AND SIMILAR GAMES OF SKILL IN THE GREATER MANILA AREA”, AS AMENDED, AND ACCORDINGLY REVOKING AND CANCELLING THE RIGHT, PRIVILEGE, AND AUTHORITY GRANTED THEREIN

WHEREAS, Presidential Decree No. 810, as amended by Presidential Decree No. 1124, granted the Philippine Jai-Alai and Amusement Corporation or its successors, among others, for a period of twenty-five years from the approval of the Act, extendible for another twenty-five years without the necessity of another franchise, the right, privilege and authority to construct, operate and maintain a court for Basque Pelota and hold or conduct Basque Pelota games therein (including the games of pala, raqueta, cestapunta, remonte and mano) within the greater Manila area, establish branches thereof for booking purposes therein or in any other place within the Philippines upon prior approval by the President with bettings either directly or by means of electric and/or computerized totalizator;

WHEREAS, under Presidential Decree No. 1966, further amending Presidential Decree No. 810, the grantee was authorized to hold or conduct Basque Pelota games (including the games of pala, raqueta, cestapunta, remonte and mano) within Metro Manila, establish branches thereof for booking purposes therein or in any other place within the Philippines, subject to the existing rules and regulations;

WHEREAS, the grant to the Philippine Jai-Alai and Amusement Corporation or its successors of the right, privilege and authority under Presidential Decree No. 810, as amended, is subject to amendment, alteration or repeal when the common good so requires;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Presidential Decree No. 810, as amended, is hereby repealed. Accordingly, the grant to the Philippine Jai-Alai and Amusement Corporation or its successors of the right, privilege or authority under the aforementioned law, as amended, is hereby revoked and cancelled.

SECTION 2. This Executive Order shall take effect immediately.

Done in the City of Manila, this 8th day of May, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 170**

REPEALING PRESIDENTIAL DECREE NO. 1507, ENTITLED “AN ACT GRANTING THE PHILIPPINE GAMES AND HOLIDAYS CORPORATION A FRANCHISE TO OPERATE, CONSTRUCT AND MAINTAIN A FRONTON FOR BASQUE PELOTA AND SIMILAR GAMES OF SKILL IN THE CITY OF CEBU”, AND ACCORDINGLY REVOKING AND CANCELLING THE RIGHT, PRIVILEGE AND AUTHORITY GRANTED THEREIN

WHEREAS, Presidential Decree No. 1507 granted the Philippine Games and Holidays Corporation or its successors, among others, for a period of twenty-five years from the promulgation of the Decree, extendible for another twenty-five years without the necessity of another franchise, the right, privilege, and authority to construct, operate and maintain a court for Basque Pelota (including the games of pala, raqueta, cestapunta, remonte and mano) in the City of Cebu, establish branches thereof for booking purposes, in the City of Cebu or elsewhere, and hold or conduct Basque pelota games therein with bettings either direct or by means of electric and/or computerized totalizator;

WHEREAS, the grant to the Philippine Games and Holidays Corporation or its successors of the right, privilege and authority under Presidential Decree No. 1507 is subject to amendment, alteration or repeal when the common good so requires;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Presidential Decree No. 1507 is hereby repealed. Accordingly, the grant to the Philippine Games and Holidays Corporation or its successors of the right, privilege and authority under the aforementioned law, is hereby revoked and cancelled.

SECTION 2. This Executive Order shall take effect immediately.

Done in the City of Manila, this 8th day of May, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 1 - 170]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 171**  
**AMENDING CERTAIN PROVISIONS OF PRESIDENTIAL DECREE NO. 334, AS AMENDED**  
**AND EXECUTIVE ORDER NO. 131**

WHEREAS, there is a need to reorganize the Philippine National Oil Company (PNOC) to make it responsive to the requirements of the industry;

WHEREAS, pending the adoption by Congress of a law standardizing the compensation of government-owned and controlled corporations with original charters, there is a need to make the PNOC salaries competitive with the private sector;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, do hereby order:

SECTION 1. The Philippine National Oil Company (PNOC) shall have the following purposes:

- a) To provide and maintain an adequate and stable supply of oil and petroleum products for the domestic requirement and for that purpose to engage in the transportation, storage, importation, exportation, refining, supply, sale and distribution of crude oil, refined petroleum and petroleum based products, whether imported or produced by local refineries;
- b) To engage in the exploration, exploitation and development of local oil, petroleum and other energy resources;
- c) To foster conditions relating to oil or petroleum operations and other energy resources exploitation conducive to a balanced and sustainable growth of the economy;
- d) To undertake, by itself or otherwise, exploration, exploitation, and development of all energy resources of the country, including surveys and activities related thereto;
- e) To undertake all other forms of petroleum or oil operations and other energy resources exploitation.

SECTION 2. All of the powers and functions of PNOC as provided in P.D. 334, as amended, except the regulatory functions are hereby maintained.

SECTION 3. As a transitory measure, PNOC shall, for a period of two (2) years, continue to use the facilities of the National Coal Authority which have been integrated with the Natural Resources Development Corporation pursuant to Executive Order No. 131, subject to continued payment at current rate without escalation for a period of two (2) years.

SECTION 4. Pending the adoption by Congress of a law standardizing salaries and benefits of government-owned and controlled corporations with original charters, the personnel of PNOC shall be exempt from the Office of Compensation and Position Classification.

SECTION 5. The directors and officers of PNOC may hold concurrent positions in PNOC subsidiaries and receive reasonable compensation therefor.

SECTION 6. Employees and officers of the subsidiaries of PNOC may be detailed to PNOC for periods not exceeding one (1) year, or when necessary to maximize manpower use, they may be

given concurrent positions in PNOC subject to a cost-sharing arrangement between PNOC and its subsidiaries.

SECTION 7. For efficiency of operations and maximum utilization of personnel, PNOC may, if warranted, set up a management company to supervise and coordinate the various activities of PNOC and its subsidiaries.

SECTION 8. The provisions of paragraph 4, Section 4, Section 5 (c) and (f) of Executive Order No. 131, Charter of the Department of Environment, Energy and Natural Resources, to the extent inconsistent herewith, are hereby amended accordingly.

SECTION 9. This Executive Order shall take effect immediately.

Done in the City of Manila, this 8th day of May, in the year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.



MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 172**  
**CREATING THE ENERGY REGULATORY BOARD**

WHEREAS, the institutional setup in the energy sector is such that there are a number of regulatory bodies and supervisory Departments/Offices which provide the policy guidelines and regulatory framework for the activities and operations within the sector;

WHEREAS, in order to achieve a more coherent and effective policy formulation, coordination, implementation and monitoring within the energy sector, it is necessary to consolidate and entrust in one body all the regulatory and adjudicatory functions covering the energy sector;

WHEREAS, the concerns for national security and public interest articulated in Republic Act No. 6173, which created an independent Oil Industry Commission, still retain their validity and urgency at present; and

WHEREAS, Executive Order No. 5 (1986), directs that necessary and appropriate changes in the organizational and functional structures of the government, its agencies and instrumentalities be effected to promote efficiency and effectiveness in the delivery of public services;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

**SECTION 1. Energy Regulatory Board.** - There is hereby created an independent Energy Regulatory Board, hereinafter referred to as the Board, the nucleus of which shall be the present Board of Energy. The Board shall be composed of a Chairman and four (4) Members to be appointed by the President, with the consent of the Commission on Appointments. The Chairman and the Board Members shall be natural-born citizens and residents of the Philippines. In addition, the Chairman and the Board Members shall be persons of good moral character, at least thirty-five (35) years of age, and of recognized competence in the field of law, economics, finance, banking, commerce, industry, agriculture, engineering, management or labor.

The term of office of the Chairman and the Board Members shall be four (4) years, but the first Chairman to be appointed shall hold office for four (4) years, and of the first four (4) Members, two (2) shall hold office for a term of two (2) years, and two (2) shall hold office for a term of three (3) years. No person may be appointed to serve more than two (2) successive terms in the Board.

Three (3) members of the Board shall constitute a quorum and the vote of three (3) Members shall be necessary for the adoption of any rule, ruling, order, resolution, decision or other act of the Board in the exercise of its quasi-judicial functions. The Board shall have its office in Metro Manila or such other place as may be designated, and may hold hearings of any proceedings at such times and places within the Philippines, as it may provide by order in writing.

The Chairman and the Board of Members shall devote their full time to the Board and shall not accept any other employment.

The Chairman of the Board shall receive a compensation equal to that of a Department Undersecretary while the Board Members shall each receive a compensation equal to that of an official next in rank to a Department Undersecretary.

The Chairman and the Members of the Board, upon completion of their terms or upon becoming eligible for retirement under existing laws shall be entitled to the same retirement benefits and privileges provided for the Chairman and Members of the Commission on Elections.

SEC. 2. Staff. The Board shall appoint and maintain an adequate staff, which shall include an Executive Director who shall be a member of the Philippine Bar with at least five (5) years experience in the active practice of law in the Philippines or in the discharge of an office requiring as an indispensable requisite admission to the practice of law in the Philippines. He shall be the recorder and official reporter of the proceedings of the Board and shall have authority to administer oaths in all matters falling within the jurisdiction of the Board. He shall be the custodian of the records, maps, profiles, tariffs, reports and other documents and papers filed in connection with any case or proceedings before the Board. He shall likewise be responsible for the effective implementation of the policies, rules and directives promulgated by the Board, shall coordinate and supervise the activities of the different operating units and shall perform such functions as may be assigned to him by the Chairman and/or by the Board.

The Members of the technical staff, except for those performing purely clerical functions, shall possess at least a bachelor's degree in the line of specialization required by their respective positions.

SEC. 3. Jurisdiction Powers and Functions of the Board. - When warranted and only when public necessity requires, the Board may regulate the business of importing, exporting, re-exporting, shipping, transporting, processing, refining, marketing and distributing energy resources. Energy resource means any substance or phenomenon which by itself or in combination with others, or after processing or refining or the application to it of technology, emanates, generates or causes the emanation or generation of energy, such as but not limited to, petroleum or petroleum products, coal, marsh gas, methane gas, geothermal and hydroelectric sources of energy, uranium and other similar radioactive minerals, solar energy, tidal power, as well as non-conventional existing and potential sources.

The Board shall, upon proper notice and hearing, exercise the following, among other powers and functions:

- a Fix and regulate the prices of petroleum products;
- (b) Fix and regulate the rate schedule or prices of piped gas to be charged by duly franchised gas companies which distribute gas by means of underground pipe system;
- (c) Fix and regulate the rates of pipeline concessionaires under the provisions of Republic Act No. 387, as amended, otherwise known as the "Petroleum Act of 1949," as amended by Presidential Decree No. 1700;
- (d) Regulate the capacities of new refineries or additional capacities of existing refineries and license refineries that may be organized after the issuance of this Executive Order, under such terms and conditions as are consistent with the national interest;
- (e) Whenever the Board has determined that there is a shortage of any petroleum product, or when public interest so requires, it may take such steps as it may consider necessary, including the temporary adjustment of the levels of prices of petroleum products and the payment to the Oil Price Stabilization Fund created under Presidential Decree No. 1956 by persons or entities engaged in the petroleum industry of such amounts as may be determined by the Board, which will enable the importer to recover its cost of importation.

SEC. 4. Reorganized or Abolished Agency. - (a) The Board of Energy is hereby reconstituted into the Energy Regulatory Board, and the former's powers and functions under Republic Act No. 6173, as amended by Presidential Decree No. 1208, as amended, are transferred to the latter.

(b) The regulatory and adjudicatory powers and functions exercised by the Bureau of Energy Utilization under Presidential Decree No. 1206, as amended, are transferred to the Board, the provisions of Executive Order No. 131 notwithstanding.

SEC. 5. Other Transferred Powers and Functions. - The power of the Land Transportation Commission to determine, fix and/or prescribe rates or charges pertaining to the hauling of petroleum products are transferred to the Board. The power to fix and regulate the rates or charges pertinent to shipping or transporting of petroleum products shall also be exercised by the Board.

The foregoing transfer of powers and functions shall include applicable funds and appropriations, records, equipment, property and such personnel as may be necessary; Provided, That with reference to paragraph (b) of Section 4 hereof, only such amount of funds and appropriations of the Bureau of Energy Utilization, as well as only the personnel thereof who are completely or primarily involved in the exercise by said Bureau, of its regulatory and adjudicatory powers and functions, shall be affected by such transfer: Provided, further, That the funds and appropriations as well as the records, equipment, property and all personnel of the reorganized Board of Energy shall be transferred to the Energy Regulatory Board.

SEC. 6. Power to Promulgate Rules and Perform Other Acts. - The Board shall have the power to promulgate rules and regulations relevant to procedures governing hearings before it and enforce compliance with any rule, regulation, order or other requirements: Provided, That said rules and regulations shall take effect fifteen (15) days after publication in the Official Gazette. It shall also perform such other acts as may be necessary or conducive to the exercise of its powers and functions, and the attainment of the purposes of this Order.

SEC. 7. Board Procedures. - All inquiries, studies, hearings, investigations and proceedings conducted by the Board shall be governed by rules adopted by the Board, and in the conduct thereof the Board shall not be bound by the technical rules of evidence: Provided, That the Board may summarily punish for contempt by a fine not exceeding five thousand pesos or by imprisonment not exceeding thirty (30) days or both, any person guilty of such misconduct in the presence of the Board or so near thereto as to seriously interrupt any hearing or session or any proceedings before it, including cases in which a person willfully fails or refuses, without just cause, to comply with a summons, subpoena ad testificandum, subpoena duces tecum, decision or order, rules and regulations legally issued or promulgated by the Board; or being present at a hearing, session or investigation, refuses to be sworn as a witness or to answer questions when lawfully required to do so, or to furnish information required by the Board. The sheriff and other police agencies of the place where the hearing or investigation is conducted shall, upon the request of the Board, assist it to enforce the provisions of this Section.

The Board may, in any inquiry, study, hearing, investigation or proceeding, by order in writing, cause the deposition of witnesses residing within or without the Philippines to be taken in the manner prescribed by the Rules of Court. Where witnesses reside in places distant from Manila and it would be convenient and expensive for them to appear personally before the Board, the Board, by proper order, commission any clerk of court of the Regional Trial Court or any Metropolitan, City or Municipal Trial Court judge of the Philippines to take the deposition of witnesses in any case pending before the Board. It shall be the duty of the official so commissioned to designate promptly a date or dates for the taking of such deposition, giving timely notice to the parties, and on said date to proceed to take the deposition, reducing it to writing. After the depositions have been taken, the official so commissioned shall certify to the depositions taken and forward them as soon as possible to the Board. It shall be the duty of the respective parties to furnish stenographers for taking and transcribing the testimony taken. In case there are no stenographers available, the testimony shall be taken in long hand by such person

as the clerk of court, metropolitan, city or municipal trial court judge may designate. The Board may also commission a notary public to take the depositions in the same manner as herein provided.

The Board may also, by proper order, authorize any of its lawyer members, or lawyer members of its staff, or any of the attorneys of the legal branch to hear and investigate any case filed with the Board and, in connection therewith, to receive such evidence as may be material thereto. At the conclusion of the hearing or investigation, the attorney or branch chief so authorized shall submit the evidence received by him to the Board to enable the latter to render its decision.

SEC. 8. Authority to Grant Provisional Relief The Board may, upon the filing of an application, petition or complaint or at any stage thereafter and without prior hearing, on the basis of supporting papers duly verified or authenticated, grant provisional relief on motion of a party in the case or on its own initiative, without prejudice to a final decision after hearing, should the Board find that the pleadings, together with such affidavits, documents and other evidence which may be submitted in support of the motion, substantially support the provisional order: Provided, That the Board shall immediately schedule and conduct a hearing thereon within thirty (30) days thereafter, upon publication and notice to all affected parties.

SEC. 9. Effectivity of Board's Decision or Orders. - All decisions or orders of the Board to continue an existing service or determining, fixing and prescribing rates to be charged shall be immediately operative; and all other decisions or orders shall become effective upon the dates specified thereon: Provided, however, That decisions, orders or resolutions in controverted matters and not referring to the continuance of an existing service or determining, fixing and prescribing rates to be charged shall take effect thirty (30) days after notice to the parties, unless otherwise provided by the Board.

SEC. 10. Review of the Board's Decision or Orders. - A party adversely affected by a decision, order or ruling of the Board may, within thirty (30) days from notice of such decision, order or ruling, or in case of a denial of a motion for reconsideration thereof, within fifteen (15) days after notice of such denial, file a petition to be known as petition for review, with the Supreme Court, which shall have jurisdiction to review such decision, order or ruling and to modify or set aside the same when it clearly appears that there was no evidence before the Board to support reasonably such decision, order or ruling, or that the same is contrary to law, or that it was without the jurisdiction of the Board. The evidence presented to the Board, together with the record of the proceedings before the Board, shall be certified by the Executive Director of the Board to the Supreme Court. Said petition shall be placed on file in the office of the Clerk of the Supreme Court who shall furnish copies thereof to the Executive Director of the Board and other parties interested.

Any decision, order or ruling of the Board may likewise be reviewed by the Supreme Court upon a writ of certiorari in appropriate cases. The procedure for review except as herein provided, shall be in accordance with the rules prescribed by the Supreme Court.

The filing of a petition for a writ of certiorari or other special remedies in the Supreme Court shall in no case supersede or stay any decision, order or ruling of the Board, unless the Supreme Court shall so direct, and the petitioner may be required by the Supreme Court to give bond in such form and of such amount as may be deemed proper.

SEC. 11. Benefits of Personnel Who May be Laid Off and Incentives to Employees. - Employees of agencies abolished or otherwise affected by this reorganization, who are separated from the service as a result of the implementation of this Order, shall be entitled to the benefits and privileges provided for under existing retirement laws; otherwise, they shall be paid the equivalent of one-month basic salary for every year of service, or the equivalent nearest fraction thereof favorable to them on the basis of the highest salary received, but in no case shall such payment exceed the equivalent of 12 months salary.

SEC. 12. Coordination with Other Agencies. - The Board shall coordinate with the Department of Energy, Environment and Natural Resources, the National Economic and Development Authority, the National Electrification Administration and other appropriate Government agencies in the exercise of its pertinent functions that have relation to the functions of the above-mentioned agencies, particularly as these pertain to the policies, plans, programs and activities in the field of energy.

SEC. 13. Penalties for Violations. The provisions of Section 18 of Republic Act No. 6173, as amended, Section 7(e) of Presidential Decree No. 1206, as amended, and Sections 21 to 28, inclusive, of Commonwealth Act No. 146, as amended pertaining to the penalties for violation of or non-compliance with the terms and conditions of any certificate, license or permit or any order, decision, rule or regulation of the abolished Oil Industry Commission, Bureau of Energy Utilization and Public Service Commission, shall, to the extent applicable and appropriate in the light of the foregoing transfers of powers and functions, apply to and may be imposed by the Board.

SEC. 14. Applicability Clause. - The applicable provisions of Commonwealth Act No. 146, as amended, otherwise known as the "Public Service Act"; Republic Act No. 6173, as amended, otherwise known as the "Oil Industry Commission Act"; Republic Act No. 6395, as amended, revising the charter of the National Power Corporation under C.A. 120; Presidential Decree No. 269, as amended, also referred to as the "National Electrification Administration Decree"; and Presidential Decree No. 1206, as amended, creating the Department of Energy, shall continue to have full force and effect, except insofar as inconsistent with this Order.

SEC. 15. Supervision and Control. - The Board shall be under the administrative supervision of the Office of the President.

SEC. 16. Separability Clause. - If any provision of this Order or the application thereof to any person or circumstances is held invalid, the remainder of the Order and the application of such provision to other persons or circumstances, shall not be affected thereby.

SEC. 17. Repealing Clause. - Section 4, paragraph 4, and Section 5(c) of Executive Order No. 131 are hereby repealed. All laws, decrees, executive orders, administrative orders, rules and regulations inconsistent herewith are hereby repealed, amended or modified accordingly.

SEC. 18. Effectivity. - This Executive Order shall take effect immediately.

DONE in the City of Manila, this 8th day of May, in the year of Our Lord, nineteen hundred and eighty-seven.

(SGD.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 173**

FURTHER AMENDING COMMONWEALTH ACT NO. 542, ENTITLED “AN ACT TO CREATE  
A CORPORATION TO BE KNOWN AS THE GIRL SCOUTS OF THE PHILIPPINES, AND TO  
DEFINE ITS POWERS AND PURPOSES”, AS AMENDED

I, CORAZON C. AQUINO, President of the Philippines, do hereby order, that:

SECTION 1. Commonwealth Act No.542, as amended, is hereby further amended in that a woman President or the First Lady of the Philippines shall be Chief Girl Scout of the Girl Scouts of the Philippines.

SECTION 2. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 3. This Executive Order shall take effect immediately.

Done in the City of Manila, this 8th day of May, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 174**

FURTHER AMENDING REPUBLIC ACT NO. 5921, ENTITLED “AN ACT REGULATING THE PRACTICE OF PHARMACY AND SETTING STANDARDS OF PHARMACEUTICAL EDUCATION IN THE PHILIPPINES AND FOR OTHER PURPOSES”, AS AMENDED

WHEREAS, consistent with the State policies as enunciated in Article II, Section 15 of the 1987 Constitution, that: “The State shall protect and promote the right to health of the people and instill health consciousness among them”, and Article XIII, Section 12, that: “The State shall establish and maintain an effective food and drug regulatory system and undertake appropriate health manpower development and research, responsive to the country’s health needs and problems”, the Pharmacy Law must be further amended to strengthen the legal basis of the regulation of drugs and devices;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 29 of Republic Act No. 5921 is hereby amended to read as follows:

“SEC. 29. Responsibility for safety, efficacy, quality and purity of drugs. - In cases of drugs, pharmaceuticals, poisons or devices sold in their original packings, the seal of which has not been broken or tampered with, the liability that may arise because of their safety, efficacy, quality and purity, rests upon the manufacturer or in his absence, upon the importer, the distributor, representative, or dealer, who was responsible for their distribution or sale.”

SECTION 2. Section 40 of Republic Act No. 5921 is hereby amended to read as follows:

“SEC. 40. Penal provisions. - Any person who shall violate any of the provisions of Sections twelve, twenty-four, twenty-five, twenty-six and twenty-seven of this Act or any person who shall make false representation to procure a registration certificate as pharmacist for himself or for another; or any person who shall allow anyone in his employ who is not a registered pharmacist to engage in the practice of pharmacy; or any person who shall falsely display within the establishment the certificate of registration of a pharmacist who is not actually and regularly employed therein as such or to act as a dummy for any alien or an unqualified person for the purpose of opening and operating a retail drugstore; shall, upon conviction thereof, be sentenced to a fine of not less than one thousand pesos but not exceeding four thousand pesos or to an imprisonment of not less than six months and one day but not more than four years, in the discretion of the court.”

SECTION 3. Section 42(e) of Republic Act No. 5921 is hereby amended to read as follows:

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“(e) ‘Drugs’ mean (1) articles recognized in the current official United States Pharmacopeia-National Formulary (USP-NF), official Homeopathic Pharmacopeia



of the United States, official National Drug Formulary, or any supplement to any of them; and (2) articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or animals; and (3) articles (other than food) intended to affect the structure or any function of the body of man or animals; and (4) articles intended for use as a component of any articles specified in clauses (1), (2), or (3) but do not include devices or their components, parts or accessories.”

SECTION 4. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly

SECTION 5. This Executive Order shall take effect fifteen days after publication in the Official Gazette.

Done in the City of Manila, this 22nd day of May, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.



MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 175**

FURTHER AMENDING REPUBLIC ACT NO. 3720, ENTITLED “AN ACT TO ENSURE THE SAFETY AND PURITY OF FOODS, DRUGS, AND COSMETICS BEING MADE AVAILABLE TO THE PUBLIC BY CREATING THE FOOD AND DRUG ADMINISTRATION WHICH SHALL ADMINISTER AND ENFORCE THE LAWS PERTAINING THERETO”, AS AMENDED, AND FOR OTHER PURPOSES

WHEREAS, it is State policy, under Article II, Section 15, of the 1987 Constitution to “protect and promote the right to health of the people and instill health consciousness among them”;

WHEREAS, the 1987 Constitution also provides, in its Article XIII, Section 12, that: “The State shall establish and maintain an effective food and drug regulatory system and undertake appropriate health manpower development and research, responsive to the country’s health needs and problems”;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The title of Republic Act No. 3720 is hereby amended to read as follows:

“An Act To Ensure The Safety And Purity of Foods and Cosmetics, And The Purity, Safety, Efficacy and Quality of Drugs and Devices Being Made Available To the Public, Vesting The Bureau of Food and Drugs with Authority To Administer And Enforce the Laws Pertaining Thereto, And For Other Purposes”

SECTION 2. Section 1 of Republic Act No. 3720 is hereby amended to read as follows:

“SECTION 1. This Act shall be known as the Foods, Drugs and Devices, and Cosmetics Act”.

SECTION 3. The headnote of Chapter II of Republic Act No. 3720 is hereby amended to read as follows: “Declaration Of Policies” and Section 2 thereof is likewise amended as follows:

“SEC. 2. The State policies as embodied in Article II, Section 15 of the 1987 Constitution, that: ‘The State shall protect and promote the right to health of the people and instill health consciousness among them’” and in Section 12, Article XIII of the 1987 Constitution, that: ‘The State shall establish and maintain an effective food and drug regulatory system and undertake appropriate health manpower development and research, responsive to the country’s health needs and problems’” are iterated.”

SECTION 4. Section 3 of Republic Act No. 3720 is hereby amended to read as follows:

“SEC. 3. In the implementation of the foregoing policies, the Government, through the Department of Health, shall, in accordance with the provisions of this Act:

(a) Establish standards and quality measures for foods, drugs and devices and cosmetics.

(b) Adopt measures to ensure pure and safe supply of foods and cosmetics, and pure, safe, efficacious and good quality drugs and devices in the country.

(c) Adopt measures to ensure the rational use of drugs and devices, such as, but not limited to, banning, recalling or withdrawing from the market drugs and devices which are not registered, unsafe, inefficacious or of doubtful therapeutic value, the adoption of an official National Drug Formulary, and the use of generic names in the labeling of drugs.

(d) Strengthen the Bureau of Food and Drugs.”

SECTION 5. Section 10 of Republic Act No. 3720 is hereby amended to read as follows:

“SEC. 10. For the purposes of this Act, the term: —

(a) “Bureau” means the Bureau of Food and Drugs.

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(f) “Drugs” mean (1) articles recognized in the current official United States Pharmacopeia-National Formulary (USP-NF), official Homeopathic Pharmacopeia of the United States, official National Drug Formulary, or any supplement to any of them; and (2) articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or other animals; and (3) articles (other than food) intended to affect the structure or any function of the body of man or animals; and (4) articles intended for use as a component of any articles specified in clauses (1), (2), or (3) but do not include devices or their components, parts or accessories.

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(1) “New drugs” mean:

(1) any drug the composition of which is such that said drug is not generally recognized among experts qualified by scientific training and experience to evaluate the safety, efficacy, and quality of drugs as safe, efficacious and of good quality for use under the conditions prescribed, recommended, or suggested in the labelling thereof.

(2) any drug the composition of which is such that said drug, as a result of previous investigations to determine its safety, efficacy and good quality for use under certain conditions, has become so recognized but which has not, otherwise than in such investigations, been used to a material extent or for a material time under new conditions.

(3) “New drugs” shall include drugs (a) containing a newly discovered active ingredient; (b) containing a new fixed combination of drugs, either by molecular or physical combination; (c) intended for new indications; (d) in an additional new mode of administration; or (e) in an additional dosage or strength of the dosage form, which meets the conditions as defined under the new drug.

The definition of “new drugs” covers, to the extent applicable, “new devices”.

SECTION 6. Section 10 of Republic Act No. 3720 is hereby amended by adding thereto the following subsections:

“(o) “Batch” means a quantity of any drug or device produced during a given cycle of manufacture.

(p) “Batch number” means a designation printed on the label of a drug or device that identifies the batch, and permits the production history of the batch including all stages of manufacture and control, to be traced and reviewed.

(q) “Director” means Director of the Bureau of Food and Drugs.

(r) “Distribute” means the delivery or sale of any drug or device for purposes of distribution in commerce, except that such term does not include a manufacturer or retailer of such product.

(s) “Expiry or expiration date” means the date stated in the label of a drug or device after which the drug is not expected to retain its claimed safety, efficacy and quality or potency or after which it is not permissible to sell the drug or device.

(t) “Export” means to bring out of the Philippines by sea, land, or air.

(u) “Import” means to bring into the Philippines by sea, land, or air.

(v) “Manufacture”, in relation to a drug, or device where applicable, means any and all operations involved in the production of a drug or device including propagation, processing, compounding, formulating, filling, packing, repacking, altering, ornamenting, finishing and labeling with the ends in view of its storage, sale or distribution; Provided, That the term shall not apply to the compounding and filling of prescriptions in drugstores and hospital pharmacies.

(w) “New veterinary drugs” means drugs intended for use for animals including any drug intended for use in animal feeds but not including animal feeds within the contemplation of the implementing rules and regulations.”

SECTION 7. Section 11 of Republic Act No. 3720 is hereby amended to read as follows:

“SEC. 11. The following acts and the causing thereof are hereby prohibited:

(a) The manufacture, importation, exportation, sale, offering for sale, distribution or transfer of any food, drug, device or cosmetic that is adulterated or misbranded.

(b) The adulteration or misbranding of any food, drug, device, or cosmetic.

(c) The refusal to permit entry or inspection as authorized by Section twenty-seven hereof or to allow samples to be collected.

(d) The giving of a guaranty or undertaking referred to in Section twelve (b) hereof which guaranty or undertaking is false, except by a person who relied upon a guaranty or undertaking to the same effect signed by, and containing the name and address of, the person residing in the Philippines from whom he received in good faith the food, drug, device, or cosmetic or the giving of a guaranty or undertaking referred to in Section twelve (b) which guaranty or undertaking is false.

(e) Forging, counterfeiting, simulating, or falsely representing or without proper authority using any mark, stamp, tag, label, or other identification device authorized or required by regulations promulgated under the provisions of this Act.

(f) The using by any person to his own advantage, or revealing, other than to the Secretary or officers and employees of the Department or to the courts when relevant in any judicial proceeding under this Act, any information concerning any method or process which as a trade secret is entitled to protection.

(g) The alteration, mutilation, destruction, obliteration, or removal of the whole or any part of the labeling of, or the doing of any other act with respect to, a food, drug, device, or cosmetic, if such act is done while such article is held for sale (whether or not the first sale) and results in such article being adulterated or misbranded.

(h) The use, on the labeling of any drug or in any advertising relating to such drug, of any representation or suggestion that an application with respect to such drug is effective under Sections twenty-one and twenty-one-B hereof, or that such drug complies with the provisions of such sections.

(i) The use, in labeling, advertising or other sales promotion of any reference to any report or analysis furnished in compliance with Section twenty-six hereof.

SECTION 8. Section 11 of Republic Act No. 3720 is hereby amended by adding thereto the following subsections:

“(j) The manufacture, importation, exportation, sale, offering for sale, distribution, or transfer of any drug or device which is not registered with the Bureau pursuant to this Act.

(k) The manufacture, importation, exportation, sale, offering for sale, distribution, or transfer of any drug or device by any person without the license from the Bureau required under this Act.

(l) The sale or offering for sale of any drug or device beyond its expiration or expiry date.

(m) The release for sale or distribution of a batch of drugs without batch certification when required under Section twenty-two hereof.”

SECTION 9. Section 12 of Republic Act No. 3720 is hereby amended to read as follows:

“SEC. 12. (a) Any person who violates any of the provisions of Section eleven hereof shall, upon conviction, be subject to imprisonment of not less than one year but not more than five years, or a fine of not less than five thousand pesos but not more than ten thousand pesos, or both such imprisonment and fine, in the discretion of the Court.

Should the offense be committed by a juridical person, the Chairman of the Board of Directors, the president, general manager, or the partners and/or the persons directly responsible therefor shall be penalized.

(b) No person shall be subject to the penalties of subsection (a) of this section (1) for having sold, offered for sale or transferred any article and delivered it, if such delivery was made in good faith, unless he refuses to furnish on request of the Bureau or an officer or employee duly designated by the Secretary, the name and address of the person from whom he purchased or received such article and copies of all documents, if any there be, pertaining to the delivery of the article to him;

(2) for having violated Section 11(a) if he established a guaranty or undertaking signed by, and containing the name and address of, the person residing in the Philippines from whom he received in good faith the article, or (3) for having violated Section eleven (a), where the violation exists because the article is adulterated by reason of containing a color other than the permissible one under regulations promulgated by the Secretary under this Act, if such person establishes a guaranty or undertaking signed by, and containing the name and address, of the manufacturer of the color, to the effect that such color is permissible, under applicable regulations promulgated by the Secretary under this Act.”

SECTION 10. Section 18 of Republic Act No. 3720 is hereby amended to read as follows:

“SEC. 18. A drug or device shall be deemed to be adulterated: (a)(1) If it consists in whole or in part of any filthy, putrid, or decomposed substance which may affect its safety, efficacy or good quality; or (2) if it has been manufactured, prepared or held under unsanitary conditions whereby it may have been contaminated with dirt or filth or whereby it may have been rendered injurious to health; or (3) if it is a drug or device and its container is composed, in whole or in part, of any poisonous or deleterious substance which may render the contents injurious to health; or (4) if it is a drug and it bears or contains, for purposes of coloring only, any color other than a permissible one as determined by the Secretary, taking into consideration standards of safety, efficacy or good quality.

(b) If it purports to be or is represented as a drug the name of which is recognized in an official compendium, and its strength differs from, or its safety, efficacy, quality or purity falls below the standards set forth in such compendium, except that whenever tests or methods of assay as are prescribed are, in the judgment of the Secretary, insufficient for the making of such determination the Secretary shall promulgate, upon recommendation of the Director, regulations prescribing appropriate tests or methods of assay in accordance with which such determination as to strength, safety, efficacy, quality, or purity shall be made. No drug defined in an official compendium shall be deemed to be adulterated under this paragraph because it differs from the standards of strength, safety, efficacy, quality, or purity therefor set forth in such compendium, if its difference in strength, safety, efficacy, quality or purity from such standards is plainly stated in its label and approved for registration as such.

(c) If it is not subject to the provisions of paragraph (b) and its strength differs from, or its efficacy, quality or purity falls below, that which it purports or is represented to possess.

(d) If it is a drug or device and any substance has been mixed or packed therewith, or any substance has been substituted wholly or in part thereof, so as to reduce its safety, efficacy, quality, strength or purity.

(e) If the methods used in, or the facilities or controls used for its manufacture or holding do not conform to or are not operated or administered in conformity with current good manufacturing practice to assure that such drug meets the requirements of this Act as to safety, quality and efficacy, and has the

identity and strength, and meets the quality and purity characteristics, which it purports or is represented to possess.”

SECTION 11. Section 19 of Republic Act No. 3720 is hereby amended to read as follows:

“SEC. 19. A drug or device shall be deemed to be misbranded: - (a) If its labeling is false or misleading in any particular.

(b) If it is in package form unless it bears a label containing (1) the name and place of business of the manufacturer, importer, packer, or distributor; (2) an accurate statement of the quantity of the contents in terms of weight., measure, or numerical count: Provided, That reasonable variations shall be permitted and exemptions as to small packages shall be established by regulations prescribed by the Secretary.

(c) If any word, statement, or other information required by or under authority of this Act to appear on the label or labeling is not prominently placed thereon with such conspicuousness (as compared with other words, statements, designs, or devices, in the labeling) and in such terms as to render it likely to be read and understood by the ordinary individual under customary conditions of purchase and use.

(d) If it is for use by man and contains any quantity of the narcotic or hypnotic substance alpha-eucaine, barbituric acid, beta-eucaine, bromal, cannabis, carbromal, chloral, coca, cocaine, codeine, heroin, marijuana, morphine, opium, paraldehyde, peyote, or sulfonmethane; or any chemical derivative of such substance, which derivative has been recommended by the Secretary, after investigation, and by regulations, designated as, habit forming; unless its label bears the name, and quantity or proportion of such substance or derivative and in juxtaposition therewith the statement “Warning - May be habit forming”.

(e) If it is a drug and is not designated solely by a name recognized in an official compendium unless its label bears (1) the common or usual name of the drug, if such there be; and (2) in case it is fabricated from two or more ingredients, the common or usual name of each active ingredient, including the quantity, kind, and proportion of any alcohol, and also including whether active or not, the name and quantity or proportion of any bromides, ether, chloroform, acetanilid, acetophenetidin, amidopyrine, antipyrine, atropine, hyoscine, hyoscyamine, arsenic, digitalis, digitalis glycosides, mercury, ouabain, strophanthin, strychnine, thyroid, or any derivative or preparation of any such substances, contained therein: Provided, That where compliance with this paragraph is impracticable, exemptions shall, upon recommendation of the Director, be established by regulations promulgated by the Secretary.

(f) Unless its labeling bears (1) adequate directions for use; and (2) such adequate warnings against use in those pathological conditions or by children where its use may be dangerous to health, or against unsafe dosage or methods or duration of administration or application, in such manner and form, as are necessary for the protection of users: Provided, That where any requirement of clause (1) of this paragraph, as applied to any drug or device, is not necessary for the protection of the public health, the Secretary shall, upon recommendation of

the Director, promulgate regulations exempting such drug or device from such requirement.

(g) If it purports to be a drug the name of which is recognized in an official compendium, unless it is packaged and labeled as prescribed therein: Provided, That the method of packing may be modified with the consent of the Secretary.

(h) If it has been found by the Secretary to be a drug liable to deterioration, unless it is packaged in such form and manner, and its label bears a statement of such precautions, as the Secretary shall by regulations require as necessary for the protection of the public health.

(i) (1) If it is a drug and its container is so made, formed, or filled as to be misleading; or

(2) if it is an imitation of another drug; or

(3) if it is offered for sale under the name of another drug.

(j) If it is dangerous to health when used in the dosage, or with the frequency of duration prescribed, recommended or suggested in the labeling thereof.

(k) If it is, or purports to be, or is represented as a drug composed wholly or partly of any kind of penicillin, cephalosporins, aminoglycosides, tetracycline, chloramphenicol, erythromycin, or any other antibiotic drug, or any derivative thereof, unless (1) it is from a batch with respect to which a certificate of release has been issued pursuant to Section twenty-two (a) and (2) such certificate of release is in effect with respect to such drug: Provided, That this paragraph shall not apply to any drug or class of drugs exempted by regulations promulgated under section twenty-two (a), (b) and (c)."

SECTION 12. Section 20 of Republic Act No. 3720 is hereby amended to read as follows:

"SEC. 20. (a) The Secretary is hereby directed to promulgate regulations exempting from any labeling or packaging requirement of this Act drugs and devices which are, in accordance with the practice of the trade, to be processed, labeled, or repacked in substantial quantities at establishments other than those where originally processed or packed, on condition that such drugs and devices are not adulterated or misbranded under the provisions of this Act upon removal from such processing, labeling or repacking establishment.

(b)(1) Drugs intended for use by man which:

(A) are habit-forming;

(B) because of their toxicity or other potentiality for harmful effect, or the method of their use is not safe for use except under the supervision of practitioner licensed by law to administer such drug;

(C) are new drugs whose applications are limited to investigational use; shall be dispensed only (1) upon a written prescription of a practitioner licensed by law to administer such drug, or (2) upon an oral prescription of such practitioner which is reduced promptly to writing and filed by the pharmacist, or (3) by refilling any such written or oral prescription if such refilling is authorized by the prescriber either in the original prescription or by oral order which is



reduced promptly to writing and filed by the pharmacist. The act of dispensing a drug contrary to the provisions of this paragraph shall be deemed to be an act which results in the drug being misbranded while held for sale.

(2) Any drug dispensed by filling or refilling a written prescription of a practitioner licensed by law to administer such drug shall be exempt from the requirements of Section nineteen, except paragraphs (a), (i)(2) and (3) and the packaging requirements of paragraphs (g) and (h), if the drug bears a label containing the name and address of the dispenser, the serial number and date of the prescription or its filling, the name of the prescriber, and, if stated in the prescription the name of the patient, and the directions for use and cautionary statements, if any, contained in such prescription.

(3) The Secretary may by regulation remove drugs subject to Section nineteen (d) and Sections twenty-one and twenty-one-B from the requirements of subsection (b)(1) of this Section, when such requirements are not necessary for the protection of the public health.

(4) A drug which is subject to subsection (b)(1) of this Section shall be deemed to be misbranded if at any time prior to dispensing, its label fails to bear the statement "Caution: Foods, Drugs and Devices, and Cosmetics Law prohibits dispensing without prescription". A drug to which subsection (b)(1) of this Section does not apply shall be deemed to be misbranded if at any time prior to dispensing, its label bears the caution statement quoted in the preceding sentence."

SECTION 13. The headnote "NEW DRUGS" before Section 21 hereof is hereby amended to read as follows: "LICENSING AND REGISTRATION".

SECTION 14. Section 21 of Republic Act No. 3720 is hereby amended to read as follows:

"SEC. 21. (a) No person shall manufacture, sell, offer for sale, import, export, distribute or transfer any drug or device, unless an application filed pursuant to subsection (b) hereof is effective with respect to such drug or device.

(b) Any person may file with the Secretary, thru the Bureau, an application under oath with respect to any drug or device subject to the provisions of subsection (a) hereof. Such persons shall submit to the Secretary thru the Bureau: (1) full reports of investigations which have been made to show whether or not such drug or device is safe, efficacious and of good quality for use based on clinical studies conducted in the Philippines; (2) a full list of the articles used as components of such drug or device; (3) a full statement of the composition of such drug or device; (4) a full description of the methods used in and the facilities and controls used for the manufacture of such drug or device; (5) such samples of such drug or device and of the articles used as components thereof as the Secretary may require; (6) specimens of the labeling proposed to be used for such drug or device; and (7) such other requirements as may be prescribed by regulations to ensure the safety, efficacy and good quality of such drug or device.

(c) Within one hundred and eighty days after the filing of an application under this subsection, or such additional period as may be agreed upon by the Secretary and the applicant, the Secretary shall either - (1) approve the application



if he then finds that none of the grounds for denying approval specified in subsection (d) applies, or (2) give the applicant notice of an opportunity for a hearing before the Secretary under subsection (d) on the question whether such application is approvable.

(d) If the Secretary finds, after due notice to the applicant and giving him an opportunity for a hearing, that (1) the reports of the investigations which are required to be submitted to the Secretary pursuant to subsection (b) hereof, do not include adequate tests by all methods reasonably applicable to show whether or not such drug or device is safe, efficacious and of good quality for use under the conditions prescribed, recommended, or suggested in the proposed labeling thereof; (2) the results of such test show that such drug or device is unsafe, inefficacious or of doubtful therapeutic value for use under such conditions or do not show that such drug or device is safe, efficacious or of good quality for use under such conditions; (3) the methods used in, and the facilities and controls used for the manufacture of such drug or device are inadequate to preserve its identity, strength quality and purity; or (4) upon the basis of the information submitted to him as part of the application, or upon the basis of any other information before him with respect to such drug or device, he has insufficient information to determine whether such drug or device is safe, efficacious or of good quality - for use under such conditions; or (5) evaluated on the basis of the information submitted to him as part of the application, and any other information before him with respect to such drug or device, there is a lack of substantial evidence that the drug or device will have the effect it purports or is represented to have under the conditions of use prescribed, recommended, or suggested in the proposed labeling thereof; or (6) based on a fair evaluation of all material facts, such labeling is false or misleading in any particular; he shall issue an order disapproving the application.

(e) The effectiveness of an application with respect to any drug or device shall, after due notice and opportunity for hearing to the applicant, by order of the Secretary be suspended if the Secretary finds (1) that clinical experience, tests by new methods, or tests by methods not deemed reasonably applicable when such application became effective show that such drug or device is unsafe or ineffective for use under the conditions of use upon the basis of which the application became effective, or (2) that the application contains any untrue statement of a material fact. The order shall state the findings upon which it is based.

(f) The Secretary shall promulgate regulations for exempting from the operation of this section drugs and devices intended solely for investigational use by experts qualified by scientific training and experience to investigate the safety and effectiveness of drugs and devices.

(g) The procedure herein prescribed applies likewise to "new veterinary drugs".

SECTION 15. New sections, to be known as Sections 21-A, 21-B and 21-C, are hereby added to Republic Act No. 3720 to read as follows:

“SEC. 21-A. No person shall manufacture, sell, offer for sale, import, export, distribute or transfer any drug or device without first securing a license to operate from the Bureau after due compliance with technical requirements in accordance with the rules and regulations promulgated by the Secretary pursuant to this Act.”

“SEC. 21-B. No drug or device shall be manufactured, sold, offered for sale, imported, exported, distributed or transferred, unless registered by the manufacturer, importer or distributor thereof in accordance with rules and regulations promulgated by the Secretary pursuant to this Act. The provisions of Section 21(b), (d) and (e), to the extent applicable, shall govern the registration of such drugs and devices.”

“SEC. 21-C. The Secretary shall promulgate a schedule of fees for the issuance of the certificate of product registration and the license to operate provided for under Sections 21, 21-A, and 21-B.”

SECTION 16. The title of Chapter IX of Republic Act No. 3720 is hereby amended to read as follows:

“Certification of Drugs Containing Antibiotics”

SECTION 17. Section 22 of Republic Act No. 3720 is hereby amended to read as follows:

“SEC. 22. (a) The Secretary, pursuant to regulations promulgated by him, shall provide for the certification of batches of drugs composed wholly or partially of any kind of antibiotic. A batch of such drug shall be certified if such drug has such characteristics of identity, strength, quality and purity, as the Secretary prescribes in such regulations as necessary to insure adequately safety and efficacy of use and good quality, but shall not otherwise be certified. Prior to the effective date of such regulations the Secretary, in lieu of certification, shall issue a release for any batch which, in his judgment, may be released without risk as to the safety and efficacy of its use. Such release shall prescribe the date of its expiration and other conditions under which it shall cease to be effective as to such batch and as to portions thereof. For purposes of this section and of Section nineteen (k), the term “antibiotic drug” means any drug intended for use by man containing any quantity of any chemical substance which is produced by a micro-organism and which has the capacity to inhibit or destroy micro-organisms in dilute solution (including the chemically synthesized equivalent of any such substance).

(b) Whenever in the judgment of the Secretary, the requirements of this section and of Section nineteen (k) with respect to any drug or class of drugs are not necessary to insure safety and efficacy of use and good quality, the Secretary shall promulgate regulations exempting such drug or class of drugs from such requirements.

(c) The Secretary shall promulgate regulations exempting from any requirement of this section and of Section nineteen (k), (1) drugs which are to be stored, processed, labeled, or repacked at establishments other than those where manufactured, on condition that such drugs comply with all such requirements upon removal from such establishments; (2) drugs which conform to applicable

standards of identity, strength, quality, and purity prescribed by these regulations and are intended for use in manufacturing other drugs; and (3) drugs which are intended for investigational use by experts qualified by scientific training and experience to investigate the safety and efficacy of drugs.”

SECTION 18. The headnote of Chapter XI of Republic Act No. 3720 is hereby amended to read as follows:

“General Administration Provisions, Administrative Sanctions, Regulations,  
Hearing and Institution of Criminal Action”

SECTION 19. Section 26 of Republic Act No. 3720 is hereby amended to read as follows:

“SEC. 26 (a) Except as otherwise provided in this section, the Secretary of Health shall, upon recommendation of the Director, issue rules and regulations as may be necessary to enforce effectively the provisions of this Act. The rules and regulations shall provide for, among others, the banning, recalling or withdrawing from the market drugs and devices which are not registered, unsafe, inefficacious or of doubtful therapeutic value, the adoption of an official National Drug Formulary, and the use of generic names in the labeling of drugs.

(b) The Commissioner of Customs and the Secretary of Health shall jointly prescribe regulations for the efficient enforcement of the provisions of Section thirty, except as otherwise provided therein. Such regulations shall be promulgated upon the recommendation of the Director and shall take effect at such time, after due notice, as the Secretary of Health shall determine.

(c) Hearings authorized or required by this Act shall be conducted by the Bureau which shall submit its recommendation to the Secretary.

(d) When it appears to the Director that the report of the Bureau that any article of food or any drug, device, or cosmetic secured pursuant to Section twenty-eight of this Act is adulterated, misbranded, or not registered, he shall cause notice thereof to be given to the person or persons concerned and such person or persons shall be given an opportunity to be heard before the Bureau and to submit evidence impeaching the correctness of the finding or charge in question.

(e) When any violation of any provisions of this Act comes to the knowledge of the Director of such character that a criminal prosecution ought to be instituted against the offender, he shall certify the facts to the Secretary of Justice through the Secretary of Health, together with the laboratory report, the findings of the Bureau, or other documentary evidence on which the charge is based.

(f) The Secretary is hereby authorized to call on the assistance of any Department, Office or Agency for the effective implementation of the provisions of this Act.”

SECTION 20. The headnote before Section 29 of Republic Act No. 3720 is hereby amended to read as follows:

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“PUBLICITY AND PUBLICATION”

SECTION 21. Section 29 of Republic Act No. 3720 is hereby amended to read as follows:

“SEC. 29. (a) The Secretary may cause to be disseminated information regarding foods, drugs, devices, or cosmetics in situations involving, in the opinion of the Secretary, imminent danger to health, or gross deception to the consumer. Nothing in this Section shall be construed to prohibit the Secretary from collecting, reporting, and illustrating the results of the investigations of the Department.

(b) The Bureau shall publish a Drug Reference Manual and Drug Bulletin to serve as reference by manufacturers, distributors, physicians, consumers and such other groups as may be deemed necessary. The Bureau is hereby authorized to sell the Drug Reference Manual at cost.”

SECTION 22. A new headnote, “ADMINISTRATIVE SANCTIONS”, and a new section, Section 29-A, are hereby added to Republic Act No. 3720, to read as follows:

“SEC. 29-A. In addition to the administrative sanctions provided for under Letter of Instructions No. 1223, the Secretary is hereby authorized to impose, after notice and hearing, administrative fines of not less than one thousand pesos nor more than five thousand pesos for any violation of this Act.”

SECTION 23. Section 30 of Republic Act No. 3720 is hereby amended to read as follows:

“SEC. 30. (a) The Commissioner of Customs shall cause to be delivered to the Bureau samples taken at random from every incoming shipment of food, drugs, devices, and cosmetics which are being imported or offered for import into the Philippines giving notice thereof to the owner or consignee. The quantity of such samples shall be fixed by regulation issued by the Secretary. If it appears from the examination of such samples or otherwise that (1) such article has been manufactured under insanitary conditions, or (2) such article is forbidden or restricted from sale in the country in which it was produced or from which it was exported, or (3) such article is adulterated, misbranded, or in violation of Sections twenty-one and twenty-one-B, then the Director shall so inform the Commissioner and such article shall be refused admission, except as provided in subsection (b) of this section. The Commissioner of Customs shall then cause the destruction of any such article refused admission unless such article is exported, under regulations prescribed by the Commissioner of Customs, within ninety days of the date of notice of such refusal or within such additional time as may be permitted pursuant to such regulations. If the foods, drugs, devices, and cosmetics being imported or offered for import into the Philippines arrives at a port of entry other than Manila, the collection of such samples shall be the responsibility of the Regional Food and Drug Supervisor having jurisdiction over the port of entry and such samples shall be forwarded to the Bureau.

(b) Pending decision as to the admission of an article being imported or offered for import, the Commissioner of Customs may authorize delivery of such article to the owner or consignee upon execution by him of a good and sufficient bond providing for the payment of such liquidated damages in the event of default as may be required pursuant to regulations of the Commissioner of Customs. If it appears to the Secretary that an article included within the provisions of clause (3) of subsection (a) of this section can, by relabeling or other action, be brought into compliance with the Act or rendered other than a food, drug, device, or cosmetic, final determination as to admission of such article may be deferred, and upon filing of timely written application by the owner or consignee, and the execution by him of a bond as provided in the preceding provisions of this subsection, the Secretary may, in accordance with regulations, authorize the applicant to perform such relabeling or other actions specified in such authorization with regulations (including destruction or export of rejected articles or portions thereof, as may be specified in the Secretary's authorization). All such relabeling or other action pursuant to such authorization shall be in accordance with regulations and be under the supervision of an officer or employee of the Bureau of Customs designated by the Commissioner of Customs and a duly authorized representative of the Bureau.

(c) All expenses (including travel, per diem or subsistence, and salaries) of officers or employees of the Philippines in connection with the destruction provided for in subsection (a) of this section and the supervision of the relabeling or other action authorized under the provisions of subsection (b) of this section, the amount of such expenses to be determined in accordance with regulations, and all expenses in connection with the storage, cargo, or labor with respect to any article refused admission under subsection (a) of this section, shall be paid by the owner or consignee, and in default of such payment, shall constitute a lien against any future importations made by such owner or consignee.

(d) A food, drug, device, or cosmetic intended for export shall not be deemed to be adulterated or misbranded under this Act if it (1) conforms with the specification of the foreign purchaser, (2) is not in conflict with laws of the country to which it is intended for export, and (3) is labelled on the outside of the shipping package to show that it is intended for export. But if such article is sold or offered for sale in domestic commerce, this subsection shall not exempt it from any of the provisions of this Act."

SECTION 24. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 25. This Executive Order shall take effect fifteen days after publication in the Official Gazette.

Done in the City of Manila, this 22nd day of May, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 176**  
**REPEALING GENERAL ORDER NO. 47 AND FOR OTHER PURPOSES**

WHEREAS, the Corporate Farming Program, by virtue of General Order No. 47, was established on May 27, 1974 to increase the supply of grains by requiring domestic corporations and partnerships with at least five hundred (500) employees to supply the rice and/or corn requirements of their employees;

WHEREAS, the covered corporations and partnerships complied through their own production projects or through production-marketing linkages with farmers' groups;

WHEREAS, after twelve (12) years of implementation, program accomplishments has fallen below grains supply objectives, and rice and/or corn production has not been viable anymore since self-sufficiency has already been attained;

WHEREAS, alternative schemes have been formulated to encourage private corporations to engage in more viable non-grain production ventures;

NOW, THEREFORE, I, CORAZON COJUANGCO-AQUINO, President of the Philippines, do hereby order and instruct:

1. That General Order No. 47, otherwise known as the Corporate Farming Program, is hereby repealed;
2. That corporations and partnerships brought under the coverage of General Order No. 47 and have actually embarked on the Corporate Farming Program, shall, without prejudice to their accrued contractual obligations, wind-up their corporate farming affairs within three (3) years from the effectivity of this Order;
3. The National Food Authority, being the monitoring institution, is hereby instructed to promulgate the necessary implementing rules and regulations for the purpose;
4. This Order shall take effect immediately.

Done this 28th day of May, Nineteen Hundred and Eighty-Seven, in the City of Manila, Philippines.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 177**  
**PROVIDING FOR A NEW PERIOD FOR THE APPROVAL OF THE NEW POSITION**  
**STRUCTURE AND STAFFING PATTERN OF GOVERNMENT DEPARTMENTS, AGENCIES**  
**AND OFFICES UNDERGOING REORGANIZATION**

WHEREAS, in the reorganization of government departments, agencies and offices, there is a need for more ample time within which to prescribe and approve their new position structure and staffing pattern;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. All government departments, agencies and offices undergoing reorganization are hereby granted a new period of sixty (60) days from the expiry of the period stated in their respective reorganization Executive Orders, within which to prescribe and approve their new position structure and staffing pattern.

SECTION 2. This Executive Order shall take effect immediately.

Done in the City of Manila, this 28th day of May, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.



MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 178**

**INCREASING THE STATUTORY DAILY MINIMUM WAGES AFTER INTEGRATING THE COST OF LIVING ALLOWANCES UNDER WAGE ORDERS NOS. 1, 2, 3, 5 AND 6 INTO THE BASIC PAY OF ALL COVERED WORKERS**

WHEREAS, the National Tripartite Conference, held on April 10-11, 1987, has agreed in principle on the integration of existing cost-of-living-allowances (COLAs) into the basic pay, leaving to the President of the Philippines the decision on the manner and schedule of integration;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The cost-of-living allowances mandated under existing Wage Orders shall be integrated into the basic wage of all covered workers based on the following schedule:

- a) COLAs under Wage Orders Nos. 1, 2 and 3, effective May 1, 1987
- b) COLAs under Wage Orders Nos. 5 and 6, effective October 1, 1987

For establishments with less than 30 employees and paid-up capital of ₱500,000 or less:

- a) COLAs under Wage Orders Nos. 1 and 2, effective May 1, 1987
- b) COLA under Wage Order No. 3, effective October 1, 1987
- c) COLAs under Wage Orders Nos. 5 and 6, effective January 1, 1988

SECTION 2. The Secretary of Labor and Employment, as Chairman of the National Wages Council, shall promulgate the necessary rules and regulations to implement this Executive Order.

SECTION 3. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 4. This Executive Order shall take effect on May 1, 1987.

Done in the City of Manila, this 1st day of June, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 179**  
**FURTHER AMENDING TITLE II, BOOK FOUR OF THE LABOR CODE OF THE PHILIPPINES**  
**(PRESIDENTIAL DECREE NO. 442, AS AMENDED)**

WHEREAS, Paragraph (e) of Article 177 of Presidential Decree No. 442, as amended, provides among others that the Employees Compensation Commission may upgrade benefits and add new ones, subject to approval of the President, provided that the actuarial stability of the State Insurance Fund shall be guaranteed, and that such increase in benefits shall not require any increases in contributions except as provided for in paragraph (b) thereof;

WHEREAS, under Executive Order No. 102, certain provisions of Republic Act No. 1161, as amended, otherwise known as the “Social Security Law” were further amended by increasing the sickness and funeral benefits and at the same time upgrading the monthly salary base contribution of employees compulsorily covered by the SSS;

WHEREAS, it is imperative that the sickness and funeral benefits allowable under the Employees’ Compensation Program as well as the monthly salary base for computation of benefits shall likewise be increased to maintain the difference in benefits between work-connected contingencies and those that are not related to employment;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Paragraph (w) of Article 167 of Presidential Decree No. 442, as amended, is hereby further amended to read as follows:

“(w) “Wages” or “Salary”, insofar as they refer to the computation of benefits, means the monthly remuneration as defined in Republic Act No. 1161, as amended, for SSS and Presidential Decree No. 1146, as amended, for GSIS, respectively, except that part in excess of Three Thousand Pesos.”

SECTION 2. Article 191 of Presidential Decree No. 442, as amended, is hereby further amended to read as follows:

“Art. 191. Temporarily total disability. - (a) Under such regulations as the Commission may approve any employee under this Title who sustains an injury or contracts sickness resulting in temporary total disability shall for each day of such a disability or fraction thereof be paid by the System an income benefit equivalent to ninety percent of his average daily salary credit, subject to the following conditions: the daily income benefit shall not be less than Ten Pesos nor more than Ninety pesos, nor paid for a continuous period longer than one hundred twenty days, except as otherwise provided for in the Rules, and the System shall be notified of the injury or sickness.”

(b) The payment of such income benefit shall be in accordance with the regulations of the Commission.

SECTION 3. Paragraph (d) of Article 194 of Presidential Decree No. 442, as amended, is hereby further amended to read as follows:

“(d) Funeral Benefit. A funeral benefit of Three Thousand Pesos (P3,000.00) shall be paid upon the death of a covered employee or permanently totally disabled pensioner.”

SECTION 4. The Employees’ Compensation Commission shall issue such rules and regulations as may be necessary to implement the provisions of this Executive Order.

SECTION 5. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 6. This Executive Order shall take effect immediately.

Done in the City of Manila, this 1st day of June, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 180**  
**PROVIDING GUIDELINES FOR THE EXERCISE OF THE RIGHT TO ORGANIZE OF**  
**GOVERNMENT EMPLOYEES, CREATING A PUBLIC SECTOR LABOR-MANAGEMENT**  
**COUNCIL, AND FOR OTHER PURPOSES**

In accordance with the provisions of the 1987 Constitution, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

**I. Coverage**

SECTION 1. This Executive Order applies to all employees of all branches, subdivisions, instrumentalities, and agencies of the Government, including government-owned or controlled corporations with original charters. For this purpose, employees covered by this Executive Order shall be referred to as “government employees”.

SECTION 2. All government employees can form, join or assist employees’ organizations of their own choosing for the furtherance and protection of their interests. They can also form, in conjunction with appropriate government authorities, labor-management committees, works councils and other forms of workers’ participation schemes to achieve the same objectives.

SECTION 3. High-level employees whose functions are normally considered as policy-making or managerial or whose duties are of a highly confidential nature shall not be eligible to join the organization of rank-and-file government employees.

SECTION 4. The Executive Order shall not apply to the members of the Armed Forces of the Philippines, including police officers, policemen, firemen and jail guards.

**II. Protection of the Right to Organize**

SECTION 5. Government employees shall not be discriminated against in respect of their employment by reason of their membership in employees’ organizations or participation in the normal activities of their organization. Their employment shall not be subject to the condition that they shall not join or shall relinquish their membership in the employees’ organizations.

SECTION 6. Government authorities shall not interfere in the establishment, functioning or administration of government employees’ organizations through acts designed to place such organizations under the control of government authority.

**III. Registration of Employees’ Organization**

SECTION 7. Government employees’ organizations shall register with the Civil Service Commission and the Department of Labor and Employment. The application shall be filed with the Bureau of Labor Relations of the Department which shall process the same in accordance with the provisions of the Labor Code of the Philippines, as amended. Applications may also be filed with the Regional Offices of the Department of Labor and Employment which shall immediately

transmit the said applications to the Bureau of Labor Relations within three (3) days from receipt thereof.

SECTION 8. Upon approval of the application, a registration certificate shall be issued to the organization recognizing it as a legitimate employees' organization with the right to represent its members and undertake activities to further and defend its interest. The corresponding certificates of registration shall be jointly approved by the Chairman of the Civil Service Commission and Secretary of Labor and Employment.

#### IV. Sole and Exclusive Employees' Representatives

SECTION 9. The appropriate organizational unit shall be the employers unit consisting of rank-and-file employees unless circumstances otherwise require.

SECTION 10. The duly registered employees' organization having the support of the majority of the employees in the appropriate organizational unit shall be designated as the sole and exclusive representative of the employees.

SECTION 11. A duly registered employees' organization shall be accorded voluntary recognition upon a showing that no other employees' organization is registered or is seeking registration, based on records of the Bureau of Labor Relations, and that the said organization has the majority support of the rank-and-file employees in the organizational unit.

SECTION 12. Where there are two or more duly registered employees' organizations in the appropriate organizational unit, the Bureau of Labor Relations shall, upon petition, order the conduct of a certification election and shall certify the winner as the exclusive representative of the rank-and-file employees in said organization unit.

#### V. Terms and Conditions of Employment in Government Services

SECTION 13. Terms and conditions of employment or improvements thereof, except those that are fixed by law, may be the subject of negotiations between duly recognized employees' organizations and appropriate government authorities.

#### Peaceful Concerted Activities and Strikes

SECTION 14. The Civil Service law and rules governing concerted activities and strikes in the government service shall be observed, subject to any legislation that may be enacted by Congress.

#### Public Sector Labor-Management Council

SECTION 15. A Public Sector Labor-Management Council, hereinafter referred to as the Council, is hereby constituted to be composed of the following:

- |   |                 |
|---|-----------------|
| 1) Chairman, Civil Service Commission             | Chairman        |
| 2) Secretary, Department of Labor and Employment  | - Vice-Chairman |
| 3) Secretary, Department of Finance               | - Member        |
| 4) Secretary, Department of Justice               | - Member        |
| 5) Secretary, Department of Budget and Management | Member          |

The Council shall implement and administer the provisions of this Executive Order. For this purpose, the Council shall promulgate the necessary rules and regulations to implement this Executive Order.

#### VIII. Settlement of Disputes

SECTION 16. The Civil Service and labor laws and procedures, whenever applicable, shall be followed in the resolution of complaints, grievances and cases involving government employees. In case any dispute remains unresolved after exhausting all the available remedies under existing laws and procedures, the parties may jointly refer the dispute to the Council, for appropriate action.

#### IX. Effectivity

SECTION 17. This Executive Order shall take effect immediately.

Done in the City of Manila, this 1st day of June, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 181**  
**AUTHORIZING THE REORGANIZATION OF THE CIVIL SERVICE COMMISSION AND**  
**ENHANCING ITS INDEPENDENCE, AND FOR OTHER PURPOSES**

WHEREAS, under Article II, Section 1 of the Provisional Constitution, as adopted in Proclamation No. 3 dated March 25, 1986, the President shall give priority to measures to achieve the mandate of the people to completely reorganize the government;

WHEREAS, Article XVIII, Section 16, of the 1987 Constitution recognizes that the reorganization of the government shall be continued even after the ratification of the Constitution;

WHEREAS, under Article XVIII, Section 6, of the 1987 Constitution, the President shall continue to exercise legislative powers until the First Congress is convened;

WHEREAS, the independence of the Civil Service Commission as mandated under the 1987 Constitution must be enhanced to enable it to discharge effectively its powers and functions and thereby strengthen the career service;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order the following:

SECTION 1. Reorganization. The total reorganization of the Civil Service Commission is hereby authorized: Provided, That the reorganization shall be done within the framework of its appropriations, and in coordination with the Department of Budget and Management.

SEC. 2. Funding. Appropriations authorized for the Civil Service Commission shall be automatically released. The quarterly releases of funds by the Department of Budget and Management to the Civil Service Commission shall be based on its operating budget.

Funds needed to implement this Executive Order shall be drawn from salary lapses and savings of the Civil Service Commission. Subsequent funding requirements shall be incorporated in the annual appropriations of the Commission.

SEC. 3. New Structure and Pattern. Upon approval of this Executive Order, the officers and employees of the Commission shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits.

The new position structure and staffing pattern of the Commission shall be approved and prescribed by the Chairman within one hundred twenty (120) days from the approval of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by him or by the President as the case may be. Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one-month of basic salary for every year of service or the equivalent nearest fraction thereof favorable to them on the basis of the highest salary received but in no case shall such payment exceed the equivalent of twelve (12) months salary.

SEC. 4. Repealing Clause. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SEC. 5. Separability Clause. The provisions of this Executive Order are declared to be separable and if any provision or the application thereof is held invalid or unconstitutional, the validity of other provisions hereof shall not be affected.

SEC. 6. Effectivity. This Executive Order shall take effect immediately.

Done in the City of Manila, Philippines, this 1st day of June, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.



MALACAÑANG  
MANILAEXECUTIVE ORDER NO. 182  
RATIONALIZING PUBLIC WORKS MEASURES, APPROPRIATING FUNDS FOR PUBLIC  
WORKS, AND FOR OTHER PURPOSES.

WHEREAS, there are unreleased balances of appropriations in the amount of ₱79,777,487,000 authorized for infrastructure projects under the nine existing Public Works Appropriations Acts, namely Presidential Decrees Nos. 693, 759, 931, 1062, 1342 and 1979, and Batas Pambansa Blg. 13, 50, and 132;

WHEREAS, a review of developmental thrusts in general, and revision in priorities, scopes, costs, and implementation schedules of infrastructure projects in particular, in accordance with the new Medium Term Philippine Development Plan and the Medium Term Public Investment Program, is necessary in view of major political and socio-economic changes which have taken place since the enactment of the nine Public Works Appropriations Acts;

WHEREAS, consistent with the development objectives, thrusts and priorities of the government, all existing public works measures must be rationalized under one law for better administration and control;

WHEREAS, Article XVIII, Section 6 of the 1987 Constitution provides, that: “The incumbent President shall continue to exercise legislative powers until the first Congress is convened”;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. *Appropriation and Use of Funds.*—(a) All unreleased appropriations in Presidential Decrees Nos. 633, 759, 931, 1062, 1342 and 1979, and Batas Pambansa Blg. 13, 50 and 132 are hereby repealed.

(b) The amount of ₱55,839,987,000 representing a portion of the unreleased balances of appropriations provided under the nine existing Public Works Appropriations Acts is hereby appropriated for the construction, reconstruction, improvement and/or rehabilitation of infrastructure projects enumerated hereunder:

## TITLE A—HIGHWAYS

For the construction, improvement, rehabilitation, reconstruction and/or completion of the following highways projects, including feasibility studies, engineering and acquisition of sites, equipment, materials, supplies and services to be used directly for the projects.

REGION—I	₱2,790,697,000
1. TBDR-assisted Highway V Project	
a. Bridge Reconstruction Projects .....	39,866,000
b. Road Restoration Projects .....	279,056,000
c. Baguio-Acop-Mt. Data Road .....	150,000,000
2. IBRD-assisted Highway IV Project, Construction of Base and Area Shops .....	2,664,000

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3. Laoag-Allacapan Road Improvement Project .....	524,091,000
4. Ilocos Norte Rural Roads Improvement Project .....	143,072,000
5. Jumbo Loan-financed Bridge Reconstruction Project .....	96,378,000
6. Highland Agriculture Development Project, Benguet and Mountain Province, Roads Component .....	208,120,000
7. Access Roads Improvement along Rosario-Laoag-Allacapan Section, Manila North Road .....	493,500,000
8. Road Rehabilitation and Disaster Prevention Project (Kennon Road, Naguillian Road and Agoo-Baguio Road) .....	189,500,000
9. Abra/Pangasinan Integrated Area Development Project, Road Component .....	58,000,000
10. Cordillera Roads .....	202,500,000
11. Major Roads/Bridges .....	224,843,000
12. Secondary/Feeder Roads/Bridges .....	379,107,000

## REGION—II

₱2,055,334,000

13. IBRD-assisted Highway V Project	
a. Bridge Reconstruction Projects .....	72,875,000
b. Road Restoration Projects .....	67,482,000
14. ADB-assisted 3rd Roads Improvement Project, Cabarroguis-Maddela Road, Quirino .....	66,214,000
15. Pan-Philippine Highway and Access Roads Projects .....	73,850,000
16. Laoag-Allacapan Road Improvement Project .....	369,656,000
17. Jumbo Loan-Financed Bridge Reconstruction Project .....	66,340,000
18. Cagayan Integrated Area Development Project, Road Component .....	10,000,000
19. Road Rehabilitation and Disaster Prevention Project, Dalton Pass, Nueva Viscaya .....	371,420,000
20. Santiago (Isabela)-Tuguegarao (Cagayan) Road .....	250,000,000
21. Cordillera Roads .....	247,500,000
22. Major Roads/Bridges .....	139,350,000
23. Secondary/Feeder Roads/Bridges .....	320,647,000

## REGION—III

₱1,176,752,000

24. IBRD-assisted Highway V Project .....	
a. Bridge Reconstruction Projects .....	70,231,000
b. Road Restoration Projects .....	115,614,000
25. IBRD-assisted Highway IV Project, Construction of Base and Area Shops .....	1,867,000
26. Pan-Philippine Highway and Access Roads Projects .....	252,190,000
27. Jumbo Loan-financed Bridge Reconstruction Project .....	22,470,000
28. Major Roads/Bridges .....	306,176,000
29. Secondary/Feeder Roads/Bridges .....	408,204,000

## NATIONAL CAPITAL REGION

₱2,819,761,000

30. IBRD-assisted Highway V Project, Road Restoration Projects .....	17,209,000
31. IBRD-assisted Highway IV Project, Construction of Base and Area Shops .....	23,652,000
32. Materials Quality Control Laboratory Building .....	13,486,000

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33. Metro Manila Urban Transport Project	
a. Road Component .....	974,033,000
b. Traffic Engineering and management .....	775,683,000
34. Metro Manila Circumferential Road Project C-3 .....	249,072,000
35. Radial Road R-10 .....	376,521,000
36. Major/Secondary/Feeder Roads/Bridges .....	390,045,000

## REGION—IV-A

₱1,832,982,000

37. IBRD-assisted Highway V Project .....	
a. Bridge Reconstruction Projects .....	76,402,000
b. Road Restoration Projects .....	291,071,000
38. IBRD-assisted Highway IV Project, Construction of Base and Area Shops .....	5,425,000
39. Quirino Highway, Quezon .....	127,000,000
40. Pan-Philippine Highway and Access Road Projects .....	245,915,000
41. Jumbo Loan-financed Bridge Reconstruction Project .....	145,970,000
42. Bondoc Peninsula Roads .....	230,000,000
43. Major Roads/Bridges .....	397,309,000
44. Secondary/Feeder Roads/Bridges .....	313,890,000

## REGION—IV-B

₱873,080,000

45. IBRD-assisted Highway V Project .....	
a. Bridge Reconstruction Projects .....	11,670,000
b. Road Restoration Projects .....	65,280,000
46. IBRD-assisted Highway IV Project, Construction of Base and Area Shops .....	1,435,000
47. Rural Roads Improvement Project, San Jose-Mamburao .....	69,888,000
48. ADB-assisted 2nd Road Improvement Project, Puerto Princesa-Narra-Brookes Point Road .....	139,074,000
49. ADB-assisted 3rd Road Improvement Project, Abongan-Taytay Road, Palawan .....	19,358,000
50. Palawan Integrated Area Development Project, Road Component .....	48,425,000
51. Jumbo Loan-financed Bridge Reconstruction Project .....	46,730,000
52. Major Roads/Bridges .....	193,762,000
53. Secondary/Feeder Roads/Bridges .....	276,858,000

## REGION—V

₱1,865,660,000

54. IBRD-assisted Highway V Project .....	
a. Bridge Reconstruction Projects .....	105,791,000
b. Road Restoration Projects .....	67,244,000
55. IBRD-assisted Highway IV Project, Construction of Base and Area Shops .....	14,655,000
56. Quirino Highway, Camarines Sur .....	279,000,000
57. Pan-Philippine Highway and Access Roads .....	465,785,000
58. Jumbo Loan-financed Bridge Reconstruction Project .....	42,225,000
59. Sorsogon Integrated Area Development Project, Road Component .....	87,000,000
60. Major Roads/Bridges .....	282,366,000
61. Secondary/Feeder Roads/Bridges .....	521,594,000

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REGION—VI		<u>₱1,640,788,500</u>
62. IBRD-assisted Highway V Project .....		
a. Bridge Reconstruction Projects .....	78,165,000	
b. Road Restoration Projects .....	84,649,000	
63. IBRD-assisted Highway IV Project, construction of Base and Area Shops .....	1,078,000	
64. IBRD-assisted Land Settlement Project II, Kabankalan, Negros Occidental .....	151,078,000	
65. ADB-assisted 2nd Road Improvement Project, San Jose-Patnongon, Antique ....	9,221,000	
66. ADB-assisted 3rd Road Improvement Project, Patnongon-Nabas Road, Antique and Panda-Malay-nabas Road, Antique and Aklan .....	136,589,500	
67. ADB-assisted 4th Road Improvement Project, Negros Occidental .....	58,000,000	
68. Jumbo Loan-financed Bridge Reconstruction Project .....	153,720,000	
69. Small Island Provinces Road Improvement Project, Guimaras .....	34,140,000	
70. Kalibo (Aklan)-Ivisan (Capiz)-Roxas-Estancia (Iloilo) Road .....	298,000,000	
71. Major Roads/Bridges .....	291,778,000	
72. Secondary/Feeder Roads/Bridges .....	344,370,000	
REGION—VII		<u>₱1,695,421,000</u>
73. IBRD-assisted Highway V Project		
a. Bridge Reconstruction Projects .....	83,455,000	
b. Road Restoration Projects .....	75,562,000	
74. IBRD-assisted Highway IV Project, Construction of Base and Area Shops .....	1,682,000	
75. Jumbo Loan-financed Bridge Reconstruction Project .....	178,010,000	
75. Central Visayas Urban Road Project, Right-of-Way .....	3,500,000	
77. ADB-assisted 4th Road Improvement Project, Cebu and Negros Oriental .....	718,784,000	
78. Small Island Provinces Road Improvement Project, Camotes (Cebu) and Siquijor .....	79,660,000	
79. Major Roads/Bridges .....	256,972,000	
80. Secondary/Feeder Roads/Bridges .....	297,796,000	
REGION—VIII		<u>₱2,478,129,000</u>
81. IBRD-assisted Highway V Project		
a. Bridge Reconstruction Projects .....	63,864,000	
b. Road Restoration Projects .....	79,514,000	
82. IBRD-assisted Highway IV Project, Construction of Base and Area Shops .....	1,505,000	
83. Samar Integrated Rural Development Project, Roads Component Eastern Samar .....	30,000,000	
84. Pan-Philippine Highway and Access Roads .....	188,140,000	
85. West-Northwest Leyte Roads Improvement Project .....	720,159,000	
86. Jumbo-financed Bridge Reconstruction Project .....	60,201,000	
87. German-assisted Resettlement Project, Roads Component, Southern Leyte .....	21,467,000	
88. Australian Grant-assisted Project, Northern Samar Roads .....	436,943,000	
89. Road Rehabilitation and Disaster Prevention Project, Allen-Calbayog and Mahaplag Road Sections .....	197,080,000	
90. Basey-Sohoton-Borongon Road .....	140,000,000	
91. Major Roads/Bridges .....	252,362,000	
92. Secondary/Feeder Roads/Bridges .....	286,894,000	

REGION—IX		<u>₱1,936,14,500</u>
93. IBRD-assisted Highway V Project		
a. Bridge Reconstruction Projects .....	40,748,000	
b. Road Restoration Projects .....	65,454,000	
94. IBRD-assisted Highway IV Project, Construction of Base and Area Shops .....	1,777,000	
95. ADB-assisted 3rd Road Improvement Project, Iligan-Aurora Road, Zamboanga del Sur .....	54,958,500	
96. Jumbo Loan-financed Bridge Reconstruction Project .....	108,575,000	
97. Kuwait-assisted Roads Improvement Project, Pagadian-Tucuran Road, Zamboanga del Sur .....	45,800,000	
98. ADB-assisted 4th Road Improvement Project, Zamboanga del Norte .....	332,427,000	
99. Zamboanga City-Cotabato City Road .....	537,500,000	
100. Basilan, Sulu and Tawi-Tawi Roads .....	150,000,000	
101. Major Roads/Bridges .....	312,000,000	
102. Secondary/Feeder Roads/Bridges .....	286,906,000	
REGION—X		<u>₱1,336,714,000</u>
103. IBRD-assisted Highway V Project .....		
a. Bridge Reconstruction Projects .....	69,155,000	
b. Road Restoration Projects .....	66,778,000	
104. IBRD-assisted Highway IV Project, Construction of Base and Area Shops .....	2,155,000	
105. Pan-Philippine Highway Project and Access Road .....	92,665,000	
106. Jumbo Loan-financed Bridge Reconstruction Project .....	146,967,000	
107. Kuwait-assisted Roads Improvement Project, Molave-Oroquieta Road, Misamis Occidental .....	223,000,000	
108. Small Island Provinces Road Improvement Project, Camiguin and Siargao, Surigao del Norte .....	113,800,000	
109. Major Roads/Bridges .....	258,106,000	
110. Secondary/Feeder Roads/Bridges .....	364,038,000	
REGION—XI		<u>₱1,811,424,000</u>
111. IBRD-assisted Highway V Project		
a. Bridge Reconstruction Projects .....	146,631,000	
b. Road Restoration Projects .....	54,267,000	
112. IBRD-assisted Highway IV Project, Construction of Base and Area Shops .....	3,941,000	
113. Mindanao Secondary and Feeder Roads, General Santos-Malisbong Road, South Cotabato .....	99,325,000	
114. ADB-assisted 4th Road Improvement, South Cotabato .....	53,000,000	
115. Pan-Philippine Highway Project and Access Roads .....	69,625,000	
116. Tagum (Davao del Norte)-Mati (Davao Oriental) Road .....	200,000,000	
117. Davao Oriental-Surigao del Sur Coastal Road .....	420,000,000	
118. Jumbo Loan-financed Bridge Reconstruction Project .....	107,399,000	
119. Major Roads/Bridges .....	263,430,000	
120. Secondary/Feeder Roads/Bridges .....	388,806,000	

REGION—XII		<u>₱1,767,511,500</u>
121. IBRD-assisted Highway V Project .....		
a. Bridge Reconstruction Projects .....	22,734,000	
b. Road Restoration Projects .....	50,911,000	
122. IBRD-assisted Land Settlement Project II, Sultan Kudarat and Wao-Banisilan, Lanao del Sur .....	259,000,000	
123. ADB-assisted 3rd Road Improvement Project, Iligan-Aurora Road, Lanao del Norte .....	54,959,500	
124. First OPEC-Assisted Roads Improvement Project .....	161,603,000	
125. Jumbo Loan-financed Bridge Reconstruction Project .....	59,625,000	
126. ADB-Assisted 4th Road Improvement Project, Sultan Kudarat, Maguindanao and North Cotabato .....	163,789,000	
127. Cotabato City-Zamboanga City Road .....	238,000,000	
128. Marawi-Malabang-Cotabato and Lake Lanao Circumferential Roads .....	200,000,000	
129. Major Roads/Bridges .....	258,020,000	
130. Secondary/Feeder Roads/Bridges .....	298,870,000	
NATIONWIDE		<u>₱1,418,852,000</u>
131. IBRD-assisted Highway V Project .....		
a. Bridge Reconstruction Projects .....	15,316,000	
b. Road Restoration Projects .....	19,429,000	
c. Road Development Studies and Engineering .....	54,356,000	
132. IBRD-assisted Highway IV Project, Construction of Base and Area Shops .....	7,164,000	
133. Jumbo Loan-financed Bridge Reconstruction Project .....	90,000,000	
134. Construction of Base and Area Shops .....	365,000,000	
135. Major Roads/Bridges .....	451,387,000	
136. Secondary/Feeder Roads/Bridges .....	416,200,000	
TOTAL, TITLE A .....	₱27,499,251,500	

## TITLE B—PORTS AND LIGHTHOUSES

For the construction, improvement, rehabilitation, reconstruction, and/or completion of the following ports and lighthouses projects, including feasibility studies, engineering and acquisition of sites, equipment, materials, supplies and services to be used directly for the projects.

REGION—I		<u>₱150,931,000</u>
1. Fishing Ports Projects Package I, Sual, Pangasinan .....	88,183,000	
2. Municipal/Feeder Ports .....	62,148,000	
3. Lighthouse .....	600,000	
REGION—II		<u>₱89,638,000</u>
4. Municipal/Feeder Ports .....	89,038,000	
5. Lighthouses .....	600,000	

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REGION—III	<u>₱38,010,000</u>
6. Municipal/Feeder Ports .....	37,410,000
7. Lighthouses .....	600,000
REGION—IV-A	<u>₱342,724,000</u>
8. Fishing Ports Project, Package I, Lucena City .....	148,587,000
9. Municipal/Feeder Ports .....	192,937,000
10. Lighthouses .....	1,200,000
REGION—IV-B	<u>₱378,567,000</u>
11. Palawan Integrated Area Development Project I, Port Component, Puerto Princesa and Brooke's Point .....	51,809,000
12. Municipal Feeder Ports .....	325,558,000
13. Lighthouses .....	1,200,000
REGION—V	<u>₱381,716,000</u>
14. Fishing Ports Project, Package I, Camaligan, Camarines Sur .....	80,321,000
15. Municipal/Feeder Ports .....	800,195,000
16. Lighthouses .....	1,200,000
REGION—VI	<u>₱435,208,000</u>
17. Fishing Ports Project, Package II, Cadiz City .....	297,053,000
18. Municipal/Feeder Ports .....	127,058,000
19. Ports Project in Small Island Provinces, Guimaras .....	9,892,000
20. Lighthouses .....	1,200,000
REGION—VII	<u>₱505,048,000</u>
21. Fishing Ports Project, Package II, Cebu City .....	290,223,000
22. Municipal/Feeder Ports .....	193,974,000
23. Ports Project in Small Island Provinces, Camotes (Cebu) and Siquijor .....	19,651,000
24. Lighthouses .....	1,200,000
REGION—VIII	<u>₱512,508,000</u>
25. Fishing Ports Project, Package II, Tacloban City .....	297,044,000
26. Municipal/Feeder Ports .....	213,814,000
27. Lighthouses .....	1,650,000
REGION—IX	<u>₱364,848,000</u>
28. Fishing Ports Project, Package I, Zamboanga City .....	105,906,000
29. Municipal/Feeder Ports .....	257,292,000
30. Lighthouses .....	1,650,000
REGION—X	<u>₱434,312,000</u>
31. Fishing Ports Project, Package II, Cagayan de Oro City .....	290,497,000
32. Municipal/Feeder Ports .....	126,118,000

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33. Ports Project in Small Island Provinces, Camiguin and Siargao, Surigao del Norte .....	16,047,000
34. Lighthouses .....	1,650,000
REGION—XI .....	<u>₱413,471,000</u>
35. Fishing Ports Project, Package II, Davao City .....	297,063,000
36. Municipal/Feeder Ports .....	115,358,000
37. Lighthouses .....	1,050,000
REGION—XII .....	<u>₱79,242,000</u>
38. Municipal /Feeder Ports .....	78,042,000
39. Lighthouses .....	1,200,000
NATIONWIDE .....	<u>₱204,000,000</u>
40. Municipal/Feeder Ports and Lighthouses .....	204,000,000
TOTAL, TITLE B .....	<u>₱4,330,218,000</u>

#### TITLE C—AIRPORTS AND AIR NAVIGATIONAL FACILITIES

For the construction, improvement, provision, rehabilitation, reconstruction, and/or completion of airports and air navigational facilities including engineering and acquisition of sites, equipment, materials, supplies and services to be used directly for the projects.

REGION—I .....	<u>₱2,250,000</u>
1. Development of Various Airports .....	2,250,000
REGION—II .....	<u>₱15,980,000</u>
2. Development of Various Airports .....	15,980,000
REGION—III .....	<u>₱4,710,000</u>
3. Development of Various Airports .....	4,710,000
NATIONAL CAPITAL REGION .....	<u>₱16,500,000</u>
4. Development of Various Air Transport Support Facilities .....	16,500,000
REGION—IV .....	<u>₱35,405,000</u>
5. Development of Various Airports .....	35,405,000
REGION—V .....	<u>₱30,447,000</u>
6. Development of Various Airports .....	30,447,000
REGION—VI .....	<u>₱41,695,000</u>
7. Development of Various Airports .....	41,695,000

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Region—VII	<u>₱71,214,000</u>
8. Cebu International Airport .....	41,029,000
9. Development of Various Airports .....	30,185,000
REGION—VIII	<u>₱22,484,000</u>
10. Development of Various Airports .....	22,484,000
REGION—IX	<u>₱29,010,000</u>
11. Development of Various Airports .....	29,010,000
REGION—X	<u>₱30,315,000</u>
12. Development of Various Airports .....	30,315,000
REGION—XI	<u>₱49,605,000</u>
13. Development of Various Airports .....	49,605,000
REGION—XII	<u>₱34,785,000</u>
14. Development of Various Airports .....	34,785,000
NATIONWIDE	<u>₱1,197,965,000</u>
15. ANF Modernization Program .....	1,130,045,000
16. Improvement of Various Air Navigation Facilities .....	67,920,000
TOTAL, TITLE C .....	<u>₱1,582,365,000</u>

#### TITLE D—FLOOD CONTROL, DRAINAGE AND SHORE PROTECTION

For the construction, dredging, improvement, rehabilitation, reconstruction, and/or completion of the following flood control, drainage and shore protection projects, including feasibility studies, engineering and acquisition of sites, equipment, materials, supplies and services to be used directly for the projects.

REGION—I	<u>₱450,883,000</u>
1. Agno River Basin Flood Control Project .....	196,200,000
2. Highway Bridge Across Anulid-Poponto Floodway .....	130,000,000
3. Ilocos Region Flood Control, Drainage, Shore Protection and Related Projects ..	41,118,000
4. Small Water Impounding Management (SWIM) Project and Mini-Dam .....	38,165,000
5. Dredging and Reclamation .....	45,400,000
REGION—II	<u>₱190,772,000</u>
6. Cagayan River Basin and Cagayan Valley Flood Control, Drainage, Shore Protection and Related Projects .....	153,089,000
7. Small Water Impounding Management (SWIM) Project and Mini-Dam .....	37,683,000
REGION—III	<u>1,205,196,000</u>
8. Pampanga Delta Development Project, Flood Control Component .....	543,266,000
9. Pampanga River Control System Project and Central Luzon Flood Control, Drainage, Shore Protection and Related Projects .....	<u>₱346,244,000</u>

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10. Small Water Impounding Management (SWIM) Project and Mini-Dam .....	102,176,000
11. Dredging and Reclamation .....	213,510,000
<b>NATIONAL CAPITAL REGION</b>	<b><u>₱1,994,061,000</u></b>
12. OECF-assisted Metro Manila Drainage Project (Rehabilitation of Pumping Station) .....	157,558,000
13. OECF-assisted Effective Flood Control and Operation System including Telemetering and Flood Warning for the Pasig-Marikina-Laguna Lake Complex .....	138,401,000
14. Mangahan Floodway Project .....	211,920,000
15. Metro Manila Integrated Urban Drainage and Flood Control Project .....	987,681,000
16. Metro Manila Pumping Stations Project .....	498,501,000
<b>REGION IV-A</b>	<b><u>₱80,225,000</u></b>
17. Southern Tagalog Mainland Flood Control, Drainage, Shore Protection and Related Projects .....	29,809,000
18. Small Water Impounding Management (SWIM) and Mini-Dam .....	50,416,000
<b>REGION IV-B</b>	<b><u>₱78,307,000</u></b>
19. Southern Tagalog Islands Flood Control, Drainage, Shore Protection and Related Projects .....	28,277,000
20. Small Water Impounding Management (SWIM) and Mini-Dam .....	50,030,000
<b>REGION—V</b>	<b><u>₱972,854,000</u></b>
21. Bicol River Basin Development Project, Flood Control Component .....	116,789,000
22. Bicol River Basin and Bicol Region Flood Control, Drainage, Shore Protection and Related Projects .....	478,779,000
23. Mayon Volcano Sabo Works and other Flood Control and Related Projects .....	282,634,000
24. Small Water Impounding Management (SWIM) Project and Mini Dam .....	29,202,000
25. Dredging and Reclamation Project .....	65,450,000
<b>REGION—VI</b>	<b><u>₱796,500,000</u></b>
26. Panay River and Western Visayas Flood Control, Drainage, Shore Protection and Related Projects .....	786,500,000
27. Small Water Impounding Management (SWIM) and Mini-Dam .....	10,000,000
<b>REGION—VII</b>	<b><u>₱72,188,000</u></b>
28. Central Visayas Flood Control, Drainage, Shore Protection and Related Projects .....	32,730,000
29. Small Water Impounding Management (SWIM) and Mini-Dam .....	39,458,000
<b>REGION—VIII</b>	<b><u>₱88,787,000</u></b>
30. Eastern Visayas Flood Control, Drainage, Shore Protection and Related Projects .....	33,357,000
31. Small Water Impounding Management (SWIM) and Mini-Dam .....	55,430,000

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REGION—IX	<u>₱43,173,000</u>
32. Western Mindanao Flood Control, Drainage, Shore Protection and Related Projects .....	33,173,000
33. Small Water Impounding Management (SWIM) and Mini-Dam .....	10,000,000
REGION—X	<u>₱717,854,000</u>
34. Lower Agusan and Northern Mindanao Flood Control, Drainage, Shore Protection and Related Projects .....	680,494,000
35. Small Water Impounding Management (SWIM) and Mini-Dam .....	10,000,000
36. Dredging and Reclamation Project .....	27,360,000
REGION—XI	<u>₱345,773,000</u>
37. Upper Agusan Flood Control Project, Libuganon River Control Project and Eastern Mindanao Flood Control, Drainage, Shore Protection and Related Projects .....	292,067,000
38. Small Water Impounding Management (SWIM) and Mini-Dam .....	22,856,000
39. Dredging and Reclamation Project .....	30,850,000
REGION—XII	<u>₱709,442,000</u>
40. Lower Cotabato River Basin and Central Mindanao Flood Control, Drainage, Shore Protection and Related Projects .....	674,558,000
41. Small Water Impounding Management (SWIM) and Mini-Dam .....	34,884,000
NATIONWIDE	<u>₱849,455,000</u>
42. Various Flood Control, Drainage, Shore Protection and Related Projects .....	771,975,000
43. Small Water Impounding Management (SWIM) and Mini-Dam .....	51,000,000
44. Dredging and Reclamation Project .....	26,480,000
TOTAL, TITLE D .....	<u>₱8,595,470,000</u>

## TITLE E—WATER SUPPLY

For the construction, improvement, provision, rehabilitation, reconstruction, and/or completion of the following water supply projects, including engineering and acquisition of sites, equipment, materials, supplies and services to be used directly for the projects.

REGION—I	<u>₱155,934,000</u>
1. First Rural Water Supply and Sanitation Project .....	10,032,750
2. UNICEF-assisted Water Supply Project .....	928,800
3. Rural Water Supply Project III .....	30,018,640
4. Second Rural Water Supply and Sanitation Project .....	66,233,000
5. Rural Water Supply Projects .....	48,720,810
REGION—II	<u>₱138,981,270</u>
6. First Rural Water Supply and Sanitation Project .....	9,837,750
7. Rural Water Supply Project III .....	17,542,340
8. ADB-assisted Island Provinces Rural Water Sector Project .....	15,816,230

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9. Second Rural Water Supply and Sanitation Project .....	56,265,000
10. Rural Water Supply Projects .....	39,519,950
<b>REGION—III</b> .....	<b><u>₱148,293,010</u></b>
11. First Rural Water Supply and Sanitation Project .....	7,486,450
12. Rural Water Supply Project III .....	30,983,210
13. Second Rural Water Supply and Sanitation Project .....	63,224,000
14. Rural Water Supply Projects .....	46,599,350
<b>NATIONAL CAPITAL REGION</b> .....	<b><u>₱46,515,010</u></b>
15. Rural Water Supply Project III .....	3,592,430
16. Second Rural Water Supply and Sanitation Project .....	23,707,000
17. Rural Water Supply Projects .....	14,215,580
<b>REGION—IV-A</b> .....	<b><u>₱150,377,890</u></b>
18. First Rural Water Supply and Sanitation Project .....	7,883,750
19. UNICEF-assisted Water Supply Project .....	797,630
20. Rural Water Supply Project III .....	20,440,470
21. ADB-assisted Island Provinces Rural Water Supply Sector Project .....	17,570,360
22. Second Rural Water Supply and Sanitation Project .....	59,274,000
23. Rural Water Supply Projects .....	44,411,680
<b>REGION—IV-B</b> .....	<b><u>₱178,894,040</u></b>
24. First Rural Water Supply and Sanitation Project .....	1,930,500
25. Palawan Integrated Area Development Project Water Supply Component .....	4,216,410
26. Rural Water Supply Project III .....	10,576,360
27. ADB-assisted Island Provinces Rural Water Supply Sector Project .....	108,765,250
28. Second Rural Water Supply and Sanitation Project .....	32,402,000
29. Rural Water Supply Projects .....	21,003,520
<b>REGION—V</b> .....	<b><u>₱197,278,730</u></b>
30. First Rural Water Supply and Sanitation Project .....	7,750,600
31. UNICEF-assisted Water Supply Project .....	765,630
32. Rural Water Supply Project III .....	20,712,500
33. ADB-assisted Island Provinces Rural Water Supply Sector Project .....	52,311,300
34. Second Rural Water Supply and Sanitation Project .....	66,380,000
35. Rural Water Supply Projects .....	49,368,750
<b>REGION—VI</b> .....	<b><u>₱380,231,510</u></b>
36. First Rural Water Supply and Sanitation Project .....	7,770,400
37. UNICEF-assisted Water Supply Project .....	977,450
38. Rural Water Supply Project III .....	22,248,420
39. ADB-assisted Island Provinces Rural Water Supply Sector Project .....	121,717,890
40. Second Rural Water Supply and Sanitation Project .....	78,240,000
41. Australian-assisted Rural Water Supply Project .....	91,532,000

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42. Rural Water Supply Projects .....	57,745,350
REGION—VII	<u>₱318,634,100</u>
43. First Rural Water Supply and Sanitation Project .....	2,535,000
44. UNICEF-assisted Water Supply Project .....	1,019,040
45. Rural Water Supply Project III .....	16,516,080
46. ADB-assisted Island Provinces Rural Water Supply Sector Project .....	108,217,480
47. Second Rural Water Supply and Sanitation Project .....	57,692,000
48. Australian-assisted Rural Water Supply Project .....	91,532,000
49. Rural Water Supply Projects .....	41,122,500
REGION—VIII	<u>₱157,486,010</u>
50. First Rural Water Supply and Sanitation Project .....	12,517,300
51. Rural Water Supply Project III .....	23,049,620
52. Second Rural Water Supply and Sanitation Project .....	63,224,000
53. Samar Integrated Area Development Project Water Supply Component .....	12,925,000
54. Rural Water Supply Projects .....	45,770,090
REGION—IX	<u>₱233,462,120</u>
55. First Rural Water Supply and Sanitation Project .....	2,445,000
56. Rural Water Supply Project III .....	16,073,580
57. ADB-assisted Island Provinces Rural Water Supply Sector Project .....	109,856,270
58. Second Rural Water Supply and Sanitation Project .....	61,248,000
59. Rural Water Supply Projects .....	43,839,270
REGION X	<u>₱157,619,070</u>
60. First Rural Water Supply and Sanitation Project .....	7,886,400
61. UNICEF-assisted Water Supply Project .....	888,760
62. Rural Water Supply Project III .....	14,396,380
63. ADB-assisted Island Provinces Rural Water Supply Sector Project .....	48,849,870
64. Second Rural Water Supply and Sanitation Project .....	49,789,000
65. Rural Water Supply Projects .....	35,808,660
REGION—XI	<u>₱139,587,010</u>
66. First Rural Water Supply and Sanitation Project .....	2,004,500
67. UNICEF-assisted Water Supply Project .....	924,690
68. Third Davao Irrigation Project Water Supply Component .....	6,952,500
69. Allah River Irrigation Project, Water Supply Component .....	1,198,280
70. Rural Water Supply Project III .....	15,924,740
71. Second Davao del Norte Irrigation Project Water Supply Component .....	6,896,050
72. Second Rural Water Supply and Sanitation Project .....	59,272,000
73. Rural Water Supply Projects .....	46,414,250
REGION—XII	<u>₱125,890,010</u>
74. First Rural Water Supply and Sanitation Project .....	9,131,700
75. Allah River Irrigation Project, Water Supply Component .....	454,210
76. Rural Water Supply Project III .....	23,349,540

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77. Second Rural Water Supply and Sanitation Project .....	53,344,000
78. Rural Water Supply Projects .....	39,610,560
<b>NATIONWIDE</b> .....	<b><u>₱69,354,670</u></b>
79. First Rural Water Supply and Sanitation Project .....	1,250,000
80. Rural Water Supply Project III .....	3,060,000
81. ADB-assisted Island Provinces Rural Water Supply Sector Project .....	50,344,670
82. Rural Water Supply Projects .....	14,700,000
<b>TOTAL TITLE E</b> .....	<b><u>₱2,598,538,500</u></b>

### TITLE F—URBAN INFRASTRUCTURE

For the construction, improvement, provision, rehabilitation, reconstruction, and/or completion of small-scale infrastructure facilities, such as communal water supply, public toilets, sewage disposal, drainage and roads in low income areas, including engineering and acquisition of sites, equipment, materials supplies and services to be used for the projects.

<b>NATIONAL CAPITAL REGION</b> .....	<b><u>₱707,597,000</u></b>
1. Metro Manila Infrastructure, Utilities and Engineering (MINUTE) .....	707,597,000
<b>REGION—VI</b> .....	<b><u>₱99,557,000</u></b>
2. Regional Cities Development Project (RCDP), Iloilo City and Bacolod City .....	99,557,000
<b>REGION—X</b> .....	<b><u>₱65,705,000</u></b>
3. Regional Cities Development Project (RCDP) Cagayan de Oro City .....	65,705,000
<b>REGION—XI</b> .....	<b><u>₱200,107,000</u></b>
4. Regional Cities Development Project (RCDP), Davao City .....	200,107,000
<b>NATIONWIDE</b> .....	<b><u>₱222,828,000</u></b>
5. Regional Cities Development Project (RCDP) .....	9,525,000
6. Program for Essential, Municipal, Infrastructure, Utilities, Maintenance & Engineering Development (PREMIUMED) .....	213,303,000
<b>TOTAL TITLE F</b> .....	<b><u>₱1,295,794,000</u></b>

### TITLE G—SCHOOLBUILDINGS

For the construction, improvement, provision, rehabilitation, reconstruction, and/or completion of schoolbuildings, including engineering and acquisition of sites, equipment, materials, supplies and services to be used directly for the projects.

1. Region—I .....	₱139,393,000
2. Region—II .....	116,292,000
3. Region—III .....	225,835,000
4. National Capital Region .....	323,869,000

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5. Region—IV-A .....	162,101,000
6. Region—IV-B .....	97,249,000
7. Region—V .....	166,754,000
8. Region—VI .....	215,734,000
9. Region—VII .....	187,683,000
10. Region—VIII .....	155,098,000
11. Region—IX .....	163,009,000
12. Region—X .....	157,641,000
13. Region—XI .....	177,602,000
14. Region—XII .....	124,880,000
15. Nationwide .....	32,600,000
TOTAL, TITLE G .....	<b>₱2,445,740,000</b>

#### TITLE H—NATIONAL BUILDINGS

For the construction, improvement, provision, rehabilitation, reconstruction, and/or completion of national buildings, including engineering and acquisition of sites, equipment, materials, supplies and services to be used directly for the projects.

NATIONWIDE .....	<b><u>₱585,289,000</u></b>
Payment of Acquired lots for National Government Center and Construction/ Improvement/Rehabilitation of Various National Buildings .....	218,000,000
Construction of LTC Central Office, Regional and District Offices and Motor Vehicle Inspection Stations .....	367,289,000
TOTAL, TITLE H .....	<b>₱585,289,000</b>

#### TITLE I—TELECOMMUNICATIONS

For the construction, improvement, provision, rehabilitation, reconstruction, and/or completion of telecommunications projects, including engineering and acquisition of sites, equipment, materials, supplies and services to be used directly for the projects.

NATIONAL CAPITAL REGION .....	<b><u>₱8,440,000</u></b>
1. Development of Telecommunications Training Institute .....	8,440,000
NATIONWIDE .....	<b><u>₱5,970,898,000</u></b>
2. Maritime Communications Project .....	380,657,000
3. Regional Telecommunications Development Program .....	774,449,000
4. National Telephone Program .....	2,933,975,000
5. Development of Various NTC Projects .....	84,126,000
6. Radio Monitoring and Direction Finding Facilities .....	1,615,406,000
7. Reconfiguration of Telecommunications Facilities .....	96,331,000
8. Development of Local Telegraph Stations .....	28,022,000
9. Improvement/Maintenance/Rehabilitation of Existing Telecom Facilities .....	57,932,000
TOTAL, TITLE I .....	<b>₱5,979,338,000</b>

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## TITLE J—POSTS

For the construction, improvement, provision, rehabilitation, reconstruction, and/or completion of postal facilities, including engineering and acquisition of sites, equipment, materials, supplies and services to be used directly for the projects.

REGION—I	<u>₱53,010,000</u>
1. Construction of Various Post Office Buildings .....	53,010,000
REGION—II	<u>₱31,513,000</u>
2. Construction of Various Post Office Buildings .....	31,513,000
REGION—III	<u>₱36,831,000</u>
3. Construction of Various Post Office Buildings .....	36,831,000
NATIONAL CAPITAL REGION	<u>₱101,498,000</u>
4. Construction of Various Post Office Buildings .....	101,498,000
REGION—IV	<u>₱34,872,000</u>
5. Construction of Various Post Office Buildings .....	34,872,000
REGION—V	<u>₱27,464,000</u>
6. Construction of Various Post Office Buildings .....	27,464,000
REGION—VI	<u>₱36,318,000</u>
7. Construction of Various Post Office Buildings .....	36,318,000
REGION—VII	<u>₱36,649,000</u>
8. Construction of Various Post Office Buildings .....	36,649,000
REGION—VIII	<u>₱28,022,000</u>
9. Construction of Various Post Office Buildings .....	28,022,000
REGION—IX	<u>₱27,539,000</u>
10. Construction of Various Post Office Buildings	27,539,000
REGION—X	<u>₱30,599,000</u>
11. Construction of Various Post Office Buildings	30,599,000
REGION—XI	<u>₱34,129,000</u>
12. Construction of Various Post Office Buildings	34,129,000
REGION—XII	<u>₱29,539,000</u>
13. Construction of Various Post Office Buildings	29,539,000
NATIONWIDE	<u>₱20,000,000</u>



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14. Repair/Rehabilitation of Various Post Office Buildings	20,000,000
TOTAL, TITLE J .....	₱527,983,000

#### TITLE K—MISCELLANEOUS PUBLIC WORKS

For the construction, improvement, provision, rehabilitation, reconstruction, and/or completion of various public works projects, including engineering and acquisition of sites, equipment, materials, supplies and services to be used directly for the projects.

1. Nationwide .....	₱400,000,000
TOTAL, TITLE K .....	₱400,000,000

SEC. 2. *Detailed Plans and Program of Work*—Prior to the actual construction of projects covered in whole or in part appropriations in this Executive Order, approval of detailed engineering plans and programs of work by the Secretary of the Infrastructure Department concerned shall be obtained for every project with an estimated cost greater than ₱3,000,000; by the Regional Director concerned for every project with an estimated cost greater than ₱500,000 but not more than ₱3,000,000 and by the District or City Engineer, or in the case of the Department of Transportation and Communications, the District Supervisor or equivalent officer concerned for every project with an estimated cost of ₱500,000 or less. The program of work shall include among other things, estimates of the work items, quantities and costs a PERT/CPM (Project Evaluation Review Technique/critical path method network of the Project activities and monthly cash flows. The program of work shall cover at least a usable portion of the project and no construction shall be started or portions of the project that are less than usable, except projects requiring stage construction, in which case continuity of construction up to the completion of a usable portion shall be assured. Once the program of work is approved, it shall serve as the basis for the implementation of the project and the corresponding expenditure of funds. No project shall be divided into smaller portions for the purpose of circumventing the provision of this Section.

SEC. 3. *Local Labor*—In the construction of projects covered by appropriations in this Executive Order, the required unskilled labor shall be procured, where available, from the sitio, barangay, poblacion, municipality or city where the project is located, and, for this purpose, a certification from the City or Municipal Mayor or Barangay Captain, as the case may be, shall be secured as to availability of the unskilled labor. Skilled labor shall be procured, where available, from within the province where the project is located. Specialized skilled labor may be procured outside the province where the project is located.

SEC. 4. *Labor-based Methods*—Whenever technically and economically feasible, labor-based and labor-based/equipment supported methods shall be used in the implementation of the projects authorized in this Executive Order: *Provided*, That (a) the estimated financial cost of each project done by labor-based methods does not exceed the cost of the best alternative construction method defined by the agency concerned by more than ten per centum (10%), (b) the estimated duration of the project done by the labor-based methods does not exceed the duration of the best alternative method defined by the agency concerned by more than fifty per centum (50%), and (c) the employment of workers in the projects will not unduly impair the labor requirements of agricultural production: *Provided*, finally, that before any such project is prosecuted, the agency concerned shall prepare at least two alternative methods of construction based on the same plans and structural standards, one being labor-based together with a comparative evaluation of projected financial and economic costs, employment

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generation, and technical quality, which shall be the basis for selecting the most advantageous construction techniques to be employed in terms of the aforesaid criteria. The District or City Engineer or equivalent officer concerned shall certify in the program of work that he has maximized the use of labor-based methods in accordance with the foregoing criteria. For labor-based methods, the purchase of hand tools and other work implements, in an amount not exceeding five per centum (5%) of the estimated project cost, may be charged against the project funds. These implements may be turned over to the laborers with the payments therefor deductible from their wages in reasonable instalments during the duration of their employment in the project. The agencies concerned shall refer to and take into consideration the relevant studies of the Department of Public Works and Highways for the identification of project work items or activities for labor-based construction.

SEC. 5. *Purchases of Materials and Supplies*—The Secretary of Public Works and Highways or the Secretary of Transportation and Communications is authorized, subject to bidding and auditing requirements, to procure the necessary materials and supplies for the implementation of any project covered by appropriations in this Executive Order. When these materials and supplies are obtainable locally in the province or city where the project is located, the same may be procured by the District or City Engineer or equivalent officer or, in the case of special projects, the Project Manager, without prior authority from the Secretary of Public Works and Highways or the Secretary of Transportation and Communications subject to bidding and auditing requirements. No surcharge shall be imposed for the service of procuring such materials and supplies. The expenditures for each material shall not exceed the estimated cost of the same as stated in the approved program of work.

SEC. 6. *Prosecution of Projects by Open Public Bidding*—As a general rule, all projects shall be implemented through contracts awarded after open public bidding in accordance with existing rules and regulations. However, for projects costing ₱1,000,000 and below the invitation to bid shall be advertised at least once within a week in a newspaper of local circulation within the province where the project is situated, or through posting of notices in the premises of municipal/provincial offices, or through other forms of media such as radio and television: *Provided*, That the deadline for the submission of bids for projects costing not more than ₱1,000,000 each may be shortened to one week after the date of such invitation, notice and announcement. Projects and contractors shall be categorized into small, medium and large as defined by the Department of Public Works and Highways. Bidding for projects larger than the small category shall be open to all medium and large contractors: *Provided*, that contractor may not bid for a project with a cost exceeding the ceiling of his class. Bidding for projects within the small category shall be limited only to small contractors.

SEC. 7. *Work by Administration*—Any project covered by appropriations in the Executive Order with a cost of ₱1,000,000 or less based on the approved program of work under Section 2 hereof, may be done by administration or force account by the agency concerned without the benefit of public bidding. A project costing over ₱1,000,000 may be prosecuted by administration by the agency concerned only in case of failure to award a contract after open competitive public bidding for valid cause or causes, and subject to the approval of the Secretary of Public Works and Highway or the Secretary of Transportation and Communications, if the project cost is ₱10,000,000 or less; and the approval of the President of the Philippines, upon the recommendation of the Secretary of Public Works and Highways or the Secretary of Transportation and Communications, if the project cost is more than ₱10,000,000.

SEC. 8. *Negotiated Contracts*—No projects covered by appropriations in this Executive Order shall be prosecuted by negotiated contract except: a) in times of emergency arising from natural calamities where immediate action is necessary to prevent imminent loss of life and/or property; or b) failure to award a contract after open competitive public bidding for valid cause or causes. In these

cases, bidding may be undertaken through sealed canvass of at least three (3) qualified contractors. Authority to negotiate contracts for projects under these exceptional cases shall be subject to prior approval by the Secretary of Public Works and Highways or the Secretary of Transportation and Communications, if the project cost is ₱10,000,000 or less; and to approval by the President, upon recommendation of the Secretary of Public Works and Highways or the Secretary of Transportation and Communications if the project cost is more than ₱10,000,000.

SEC. 9. *Engineering and Administrative Overhead*—Appropriations in this Executive Order may be used for direct engineering and administrative overhead expenditures of the government agency concerned for detailed engineering and construction supervision of the project. The expenditures for detailed engineering and construction supervision shall be reflected in the program of work for the project concerned as provided for in Section 2 of this Executive Order. Detailed engineering and construction supervision expenses shall not exceed five per centum (5%) of the amount actually released for the project. These expenditures shall be reduced to the extent of any personnel and services that are already supported by the regular appropriations of the agencies concerned and to the extent that such activities are covered by consultancy contracts.

SEC. 10. *Use of Consultancy Services*—The Department Secretary concerned may hire the services of qualified consultants for feasibility studies, detailed engineering and construction supervision for a fee not exceeding the following percentages of the estimated construction cost of the project: (a) 3% for feasibility studies, (b) 6% for detailed engineering and (c) 10% for construction supervision: *Provided*, That the hiring of such consultant shall be in accordance with the guidelines therefor prescribed by the National Economic and Development Authority and *Provided*, further, That these limits shall be reduced to the extent that the activities are undertaken by the government agency concerned as provided in Section 9 hereof.

SEC. 11. *Allocation of Appropriations*—The appropriations authorized in this Executive Order shall be allocated as equitably as possible to specific projects in the various regions, provinces, cities and municipalities on the basis of the conformance of such project to the national and regional plans, and the degree of need for such infrastructure projects taking into account, among other things, the size and development potentials of the area, population, rates of unemployment and underemployment, and peace and order situation.

SEC. 12. *Endorsement of Local and Regional Development Councils*—Specific projects to be funded with appropriations authorized in this Executive Order, which are proposed for inclusion in the Annual Infrastructure Program of the government, shall be first endorsed by the concerned municipal, city, provincial and regional development councils to ensure their consistency with the local and regional development plans, programs and priorities.

SEC. 13. *Reports*—The Secretary of Public Works and Highways and the Secretary of Transportation and Communications shall submit to the President of the Philippines, the National Economic and Development Authority, and the Department of Budget and Management, annual accomplishment reports for projects covered by appropriations in this Executive Order, which shall include the appropriations released as of the end of the calendar years, the extent of the work accomplished, further works to be done, and recommendations, if any, for additional appropriations or changes thereof.

SEC. 14. *Separability*—If any provision of this Executive Order is declared unconstitutional, the remaining provisions shall remain in force.

SEC. 15. *Effectivity*—This Executive Order shall take effect immediately upon approval.

DONE in the City of Manila, this 3rd day of June, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) **CORAZON C. AQUINO**  
President of the Philippines

By the President:  
(Sgd.) **JOKER P. ARROYO**  
Executive Secretary

Source: **Presidential Museum and Library**

Office of the President of the Philippines. (1987). *Official Gazette of the Republic of the Philippines*, 83(24), 2813-2826.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 183**

REPEALING PRESIDENTIAL DECREE NO. 1110-A, AS AMENDED BY PRESIDENTIAL DECREE NO. 1743, WHICH PROVIDES FOR AND PENALIZES THE CRIME OF LESE MAJESTE

WHEREAS, the crime of Lese Majeste has no place in a democratic society;

WHEREAS, Presidential Decree No. 1110-A, as amended by Presidential Decree No. 1743, restored the said crime in our penal laws and provided for the perpetrators thereof the penalty of death;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Presidential Decree No. 1110-A, as amended by Presidential Decree No. 1743, is hereby repealed.

SECTION 2. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 5th day of June, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 184**  
AMENDING SECTION 3 OF PRESIDENTIAL DECREE NO. 1606

WHEREAS, it is found necessary to amend Section 3 of Presidential Decree No. 1606 so as to expedite proceedings before the Sandiganbayan;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. Section 3 of Presidential Decree No. 1606 is hereby amended to read as follows:

“SEC. 3. Division of Courts; Quorum. The Sandiganbayan shall sit in three divisions of three Justices each. The three divisions may sit at the same time.

“Three Justices shall constitute a quorum for sessions in division; Provided, that when the required quorum for a particular division cannot be had due to the legal disqualification or temporary disability of a Justice or of a vacancy occurring therein, the Presiding Justice may designate an Associate Justice of the Court, to be determined by strict rotation on the basis of the reverse order of precedence, to sit as a special member of said division with all the rights and prerogatives of a regular member of said division in the trial and determination of a case or cases assigned thereto, unless the operation of the court will be gravely prejudiced thereby, in which case the President shall, upon recommendation of the Presiding Justice, designate any Justice or Justices of the Court of Appeals to sit temporarily therein.

SEC. 2. This Executive Order shall take effect immediately.

Done in the City of Manila, this 5th day of June, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 185**  
**EXPANDING THE POWERS OF THE BOARD OF DIRECTORS OF THE PHILIPPINE**  
**EXPORT AND FOREIGN LOAN GUARANTEE CORPORATION UNDER**  
**PRESIDENTIAL DECREE NO. 1080**

WHEREAS, the Philippine Export and Foreign Loan Guarantee Corporation (Philguarantee) is a wholly owned government corporation entrusted with the task of providing guarantee coverage for approved foreign loans and service contractors to promote and facilitate the entry of these resources into the economy of the nation;

WHEREAS, the Philippine Export and Foreign Loan Guarantee Corporation, in the pursuit of its objectives, extended and issued its guarantees and counterguarantees for accounts of various exporters and contractors which are presently encountering operational and financial difficulties due to the prevailing economic conditions in the country;

WHEREAS, there is a need to amend the Charter of the Philippine Export and Foreign Loan Guarantee Corporation to expand the powers of its Board of Directors to make it more responsive to the demands of the current economic circumstances;

WHEREAS, the Government is willing to provide the necessary support and assistance in order to enable these exporters and contractors to operate viably under the prevailing economic and business conditions;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 11 of Presidential Decree No. 1080 is hereby amended to read as follows:

“SEC. 11. Powers of the Board. Board shall have the authority:

(a) To formulate policies to carry out effectively the provisions of this Decree;

(b) To prepare and issue rules and regulations as it considers necessary for the effective discharge of the responsibilities and exercise of the powers assigned to the Corporation under this Decree;

(c) To direct management, operations and administration of the Corporation;

(d) On the recommendation of the President of the Corporation, appoint, fix the remunerations and other emoluments, and remove the personnel of the Corporation: Provided, however, That positions considered by the Board to be policy-determining, primarily confidential or highly technical in nature shall not be subject to the Civil Service Law;

(e) To authorize such expenditure by the Corporation as are in the interest of the effective administration and operations of the Corporation; and

(f) To compromise or release, in whole or in part, any claim or settled liability to the Corporation regardless of the amount involved, under such

terms and conditions it may impose to protect/promote the interest of the Corporation. This authority to compromise or release extends to claims against the Corporation.”

SECTION 2. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 3. This Executive Order shall take effect immediately.

Done in the City of Manila, this 5th day of June, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.



MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 186**  
**FURTHER AMENDING SECTION 163, PARAGRAPH (2), OF THE NATIONAL**  
**INTERNAL REVENUE CODE, AS AMENDED**

WHEREAS, there is a need to reclassify, for purposes of the sales tax, certain undecorated and plain ceramic tiles as essential articles to make these articles more affordable to the public;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 163, Paragraph 2, of the National Internal Revenue Code, as amended, is hereby further amended by adding thereto a new sub-paragraph to be known as sub-paragraph (p), to read as follows:

“(p) Undecorated and plain (white or colored) ceramic tiles with measures of one hundred one and six tenths millimeters by one hundred one and six tenths millimeters (101.6 mm x 101.6 mm, or 4 inches x 4 inches, one hundred seven and ninety-five hundredths millimeters by one hundred seven and ninety-five hundredths millimeters (107.95 mm x 107.95 mm, or 4-1/4 inches by 4-1/4 inches), one hundred one and six tenths millimeters by two hundred three and two tenths millimeters (101.6 mm x 203.2 mm, or 4 inches by 8 inches), or one hundred fifty two and four tenths millimeters by one hundred fifty two and four tenths millimeters (152.4 mm x 152.4 mm, or 6 inches by 6 inches).”

SECTION 2. This Executive Order shall take effect fifteen days after its publication in the Official Gazette.

Done in the City of Manila, this 5th day of June, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 187**

REPEALING PRESIDENTIAL DECREES NOS. 38, 942, 970, 1735, 1834, 1974, AND 1996 AND ARTICLES 142-A AND 142-B OF THE REVISED PENAL CODE AND RESTORING ARTICLES 135, 136, 137, 138, 140, 141, 142, 143, 144, 146, 147, 177, 178, AND 179 TO FULL FORCE AND EFFECT AS THEY EXISTED BEFORE SAID AMENDATORY DECREES.

WHEREAS, Article II, Section II, of the 1987 Constitution provides, that: “The State values the dignity of every human person and guarantees full respect for human rights.”;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Presidential Decrees Nos. 38, 942, 970, 1735, 1834, 1974 and 1996, and Articles 142-A and 142-B of the Revised Penal Code are hereby repealed.

SECTION 2. Articles 135, 136, 137, 138, 140, 141, 142, 143, 144, 146, 147, 177, 178 and 179 of the Revised Penal Code are hereby restored to full force and effect as they existed before the said amendatory decrees.

SECTION 3. This Executive Order shall take effect immediately.

Done in the City of Manila, this 5th day of June, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 188**  
**FURTHER AMENDING SECTION 5 OF PRESIDENTIAL DECREE NO. 492, AS AMENDED**

WHEREAS, the Department of Transportation and Communications (DOTC), under Section 4 of Executive Order No. 125, series of 1987, is mandated as the primary policy, planning, programming, coordinating, implementing, regulating and administrative entity of the Executive Branch of the government in the promotion, development and regulation of dependable and coordinated networks of transportation and communications systems, as well as in the fast, safe, efficient and reliable postal, transportation and communications services;

WHEREAS, in line with the aforesaid mandate and the government thrust of rationalizing the transportation system in Metropolitan Manila, there is an imperative need to amend further the provisions of Section 5, Presidential Decree No. 492, as amended;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 5 of Presidential Decree No. 492, as amended, is hereby further amended to read as follows:

“Section 5. Board of Directors. The Corporation shall be governed and its activities shall be directed, controlled and managed by a Board of Directors that shall be composed of seven (7) ex-officio members, namely: the Secretary of Transportation and Communications, who shall act as Chairman; the General Manager or Governor of the Metropolitan Manila Commission, who shall act as Vice-Chairman; the Secretary of National Defense; the Secretary of Trade and Industry; the Secretary of Finance; the Secretary of Public Works and Highways; and the Chairman of the Development Bank of the Philippines.

The Ex-officio members of the Board shall designate any official in their office who shall serve as alternate members. They shall attend the meetings of the Board whenever their principals are absent or the said positions are vacant.”

SECTION 2. Effectivity. This Executive Order shall take effect immediately.

Done in the City of Manila, this 9th day of June, in the year of Our Lord, nineteen hundred and eighty-seven.

(SGD.) **CORAZON C. AQUINO**  
President of the Philippines

By the President:  
(SGD.) **JOKER P. ARROYO**  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 189**

PLACING ALL PUBLIC SECONDARY SCHOOL TEACHERS UNDER THE ADMINISTRATIVE SUPERVISION AND CONTROL OF THE DEPARTMENT OF EDUCATION, CULTURE AND SPORTS AND FOR OTHER PURPOSES.

WHEREAS, it is the declared policy of the National government to give priority to education, science and technology, arts, culture and sports to foster patriotism and nationalism, accelerate social progress, and promote total human liberation and development.

WHEREAS, the State recognizes the vital role of the youth in nation building and the need to develop physical, moral, spiritual, intellectual and social well-being;

WHEREAS, the State is mandated to establish and maintain a system of free education in the elementary and high school levels;

WHEREAS, the State realizes the need to effectively implement this educational reform at the earliest possible time.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order the following:

SECTION 1. Nationalization. - All public secondary school teachers are hereby placed under the administrative supervision and control of the Department of Education, Culture and Sports. Henceforth, basic salaries and cost of living allowances of said teachers shall be paid by the national government.

SECTION 2. Appointment of Teachers. - The appointment of public secondary school teachers shall henceforth be made in accordance with the rules, regulations and standards applicable to national government employees.

SECTION 3. Compensation. - The salaries and cost of living allowances of nationalized public secondary school teachers shall be paid in accordance with the rates prescribed for their national counterparts; PROVIDED THAT, in case of nationalized public secondary school teachers whose basic salaries and cost of living allowances are in excess of those prescribed for their national counterparts, the excess shall continue to be paid by their respective local governments.

SECTION 4. Source and Administration of Fund. - The amount necessary to pay the salaries and COLA of teachers covered under this Order shall be taken from the Special Education Fund provided for under Republic Act No. 5447, as amended, the National Aid to Local Schools authorized under Executive Order No. 87, and such other funds as may be determined by the Department of Budget and Management.

The amount herein authorized shall be administered by the Department of Education, Culture and Sports.

SECTION 5. Special Education Fund. - Starting July 1, 1987, 80 percent of all collections accruing to the Special Education Fund shall be remitted immediately to the National Treasury. In case of failure of the local government units to remit the amount as herein prescribed, the Department of Budget and Management shall withhold a corresponding amount from the apportionment of the share of local government units in national internal revenue.

SECTION 6. Supplemental Appropriation. - To carry out the provisions of this Order, the amount of SIX HUNDRED MILLION PESOS (₱600,000,000.00) is hereby appropriated out of the sources mentioned in Section 4 above. Thereafter, the necessary amount shall be provided for in the General Appropriations Act.

SECTION 7. Implementing Rules and Regulations. - The Department of Budget and Management and the Department of Education, Culture and Sports shall jointly issue the necessary rules and regulations to implement this Order.

SECTION 8. Effectivity. - This Executive Order shall take effect immediately

DONE in the City of Manila, this 10th day of June, in the year of Our Lord, nineteen hundred and eighty-seven.

(SGD.) CORAZON C. AQUINO  
President of the Philippines

By the President:  
(SGD.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). [*Executive Order Nos.: 171 - 390*]. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 190**  
**REPEALING PRESIDENTIAL DECREES NOS. 1791 AND 1774**

WHEREAS, under Presidential Decree No. 1791, all official acts, decisions or orders of the Minister of National Defense or any other Cabinet member or any other public officer of the civilian government or member of the Armed Forces, in carrying out orders or regulations issued by the then President pursuant to Proclamations Nos. 1081 and 1104, were deemed the latter's official acts, decisions and orders;

WHEREAS, the said decree, in effect exempted the said officials or public officers from liability for any wrongdoing, criminal or civil, if done in obedience to or in implementation of the said orders, rules, regulations, decrees or instructions;

WHEREAS, the present government recognizes the constitutionally enshrined principles that public office is a public trust and the public officers and employees shall remain accountable to the people; accordingly, the said decree has no more place in our democratic system;

WHEREAS, there is a Presidential Decree No. 1774, which is published in a secondary source which practically treats of the same subject matter except insofar as the said decree specified the Integrated National Police and the Civilian Home Defense Force, in addition to the officers mentioned in Presidential Decree No. 1791;

WHEREAS, there is confusion as to the content of Presidential Decree No. 1774 since it appears in the Malacañang Records Office that Presidential Decree No. 1774 deals with an amendment to Section 20(b) of the National Internal Revenue Code;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippine, do hereby order:

SECTION 1. Presidential Decree No. 1794 is hereby repealed.

SECTION 2. Presidential Decree No. 1774, as published in the secondary source and insofar as it deals with a subject matter similar to or the same as Presidential Decree No. 1791, is likewise hereby repealed.

SECTION 3. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 10th day of June, in the year of Our Lord, nineteen hundred and eighty-seven.

(SGD.) **CORAZON C. AQUINO**  
President of the Philippines

By the President:  
(SGD.) **JOKER P. ARROYO**  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.



MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 191**  
**MODIFYING EXECUTIVE ORDER NO. 59**

WHEREAS, Executive Order No. 59 dated November 7, 1986 repealed the grant of authority to the former President to order longer periods for the delivery of persons arrested for certain crimes or offenses, under Presidential Decree No. 1404;

WHEREAS, with the issuance of Executive Order No. 59, Article 125 of the Revised Penal Code, without the amendments under Presidential Decree No. 1404, is deemed to have been revived;

WHEREAS, to obviate any doubts, it is believed that Article 125 of the Revised Penal Code should be expressly revived;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 1 of Executive Order No. 59 dated November 7, 1986 is hereby modified by adding a second paragraph to read as follows:

“Article 125 of the Revised Penal Code is hereby expressly revived, without the amendments under Presidential Decree No. 1404.”

SECTION 2. This Executive Order shall take effect immediately.

Done in the City of Manila, this 10th day of June, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 192**

**PROVIDING FOR THE REORGANIZATION OF THE DEPARTMENT OF ENVIRONMENT,  
ENERGY AND NATURAL RESOURCES, RENAMING IT AS THE DEPARTMENT OF  
ENVIRONMENT AND NATURAL RESOURCES, AND FOR OTHER PURPOSES**

WHEREAS, Executive Order No. 131, dated January 30, 1987, was suspended;

WHEREAS, a policy having been reached on energy, the reorganization of the Department of Natural Resources can now be effected;

WHEREAS, the environment will be affected by the use, development, management, renewal and conservation of the country's natural resources;

WHEREAS, there is a need to protect and enhance the quality of the country's environment;

WHEREAS, to attain this objective, environmental concerns and natural resources concerns should be given equal attention by the Department;

WHEREAS, under Article XVIII, Section 6, of the 1987 Constitution, the President shall continue to exercise legislative powers until the First Congress is convened;

NOW, THEREFORE, I, CORAZON C. AQUINO, PRESIDENT OF THE PHILIPPINES, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. Title. This Executive Order shall otherwise be known as the Reorganization Act of the Department of Environment and Natural Resources.

SECTION 2. Reorganization. The Department of Environment, Energy and Natural Resources is hereby reorganized structurally and functionally and renamed as the Department of Environment and Natural Resources, hereinafter referred to as Department, in accordance with the provisions of this Executive Order.

SECTION 3. Declaration of Policy. It is hereby declared the policy of the State to ensure the sustainable use, development, management, renewal, and conservation of the country's forest, mineral, land, off-shore areas and other natural resources, including the protection and enhancement of the quality of the environment, and equitable access of the different segments of the population to the development and use of the country's natural resources, not only for the present generation but for future generations as well. It is also the policy of the state to recognize and apply a true value system including social and environmental cost implications relative to their utilization, development and conservation of our natural resources.

SECTION 4. Mandate. The Department shall be the primary government agency responsible for the conservation, management, development and proper use of the country's environment and natural resources, specifically forest and grazing lands, mineral resources, including those in reservation and watershed areas, and lands of the public domain, as well as the licensing and regulation of all natural resources as may be provided for by law in order to ensure equitable sharing of the benefits derived therefrom for the welfare of the present and future generations of Filipinos.

To accomplish its mandate, the Department shall be guided by the following objectives that will serve as basis for policy formulation:

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- (a) Assure the availability and sustainability of the country's natural resources through judicious use and systematic restoration or replacement, whenever possible;
  - (b) Increase the productivity of natural resources in order to meet the demands for forest, mineral, and land resources of a growing population;
  - (c) Enhance the contribution of natural resources for achieving national economic and social development;
  - (d) Promote equitable access to natural resources by the different sectors of the population;
  - (e) Conserve specific terrestrial and marine areas representative of the Philippine natural and cultural heritage for present and future generations.

SECTION 5. Powers and Functions. To accomplish its mandate, the Department shall have the following powers and functions:

- (a) Advise the President on the enactment of laws relative to the development, use, regulation, and conservation of the country's natural resources and the control of pollution;
  - (b) Formulate, implement, and supervise the government's policies, plans and programs pertaining to the management, conservation, development, use and replenishment of the country's natural resources;
  - (c) Promulgate rules and regulations in accordance with law governing the exploration, development, conservation, extraction, disposition, use and such other commercial activities tending to cause the depletion and degradation of our natural resources;
  - (d) Exercise supervision and control over forest lands, alienable and disposable lands, and mineral resources and in the process of exercising such control the Department shall impose appropriate payments, fees, charges, rentals and any such form of levy and collect such revenues for the exploration, development, utilization or gathering of such resources;
  - (e) Undertake exploration, assessment, classification and inventory of the country's natural resources using ground surveys, remote sensing and complementary technologies;
  - (f) Promote proper and mutual consultation with the private sector involving natural resources development, use and conservation;
  - (g) Undertake geological surveys of the whole country including its territorial waters;
  - (h) Establish policies and implement programs for the:
    - (1) Accelerated inventory, surveys and classification of lands, forest, and mineral resources using appropriate technology, to be able to come up with a more accurate assessment of resource quality and quantity;
    - (2) Equitable distribution of natural resources through the judicious administration, regulation, utilization, development and conservation of public lands, forest, and mineral resources (including mineral reservation areas), that would benefit a greater number of Filipinos;
    - (3) Promotion, development and expansion of natural resource-based industries;
    - (4) Preservation of cultural and natural heritage through wildlife conservation and segregation of national parks and other protected areas;
    - (5) Maintenance of a wholesome natural environment by enforcing environmental protection laws; and
    - (6) Encouragement of greater people participation and private initiative in natural resource management.
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- (i) Promulgate rules and regulations necessary to:
    - (1) Accelerate cadastral and emancipation patent surveys, land use planning and public land titling;
    - (2) Harness forest resources in a sustainable manner, to assist rural development, support forest-based industries, and provide raw materials to meet increasing demands, at the same time keeping adequate reserves for environmental stability; and
    - (3) Expedite mineral resources surveys, promote the production of metallic and non-metallic minerals and encourage mineral marketing.
  - (j) Regulate the development, disposition, extraction, exploration and use of the country's forest, land and mineral resources;
  - (k) Assume responsibility for the assessment, development, protection, conservation, licensing and regulation as provided for by law, where applicable, of all natural resources; the regulation and monitoring of service contractors, licensees, lessees, and permittees for the extraction, exploration, development and utilization of natural resource products; the implementation of programs and measures with the end in view of promoting close collaboration between the government and the private sector; the effective and efficient classification and sub-classification of lands of the public domain; and the enforcement of natural resources laws, rules and regulations;
  - (l) Promulgate rules, regulations and guidelines on the issuance of co-production, joint venture or production sharing agreements, licenses, permits, concessions, leases and such other privileges and arrangement concerning the development, exploration and utilization of the country's natural resources and shall continue to oversee, supervise and police our natural resources; to cancel or cause to cancel such privileges and arrangements upon failure, non-compliance or violations of any regulations, orders, and for all other causes which are in furtherance of the conservation of natural resources and supportive of the national interests;
  - (m) Exercise exclusive jurisdiction on the management and disposition of all lands of the public domain and shall continue to be the sole agency responsible for classification, subclassification, surveying and titling of lands in consultation with appropriate agencies.
  - (n) Implement measures for the regulation and supervision of the processing of forest products, grading and inspection of lumber and other forest products and monitoring of the movement of timber and other forest products;
  - (o) Promulgate rules and regulations for the control of water, air and land pollution;
  - (p) Promulgate ambient and effluent standards for water and air quality including the allowable levels of other pollutants and radiations;
  - (q) Promulgate policies, rules and regulations for the conservation of the country's genetic resources and biological diversity, and endangered habitats;
  - (r) Formulate an integrated, multi-sectoral, and multidisciplinary National Conservation Strategy, which will be presented to the Cabinet for the President's approval;
  - (s) Exercise other powers and functions and perform such other acts as may be necessary, proper or incidental to the attainment of its mandates and objectives.

SECTION 6. Structural Organization. The Department shall consist of the Department Proper, the staff offices, the staff bureaus and the regional/provincial/community natural resources offices.

The Department Proper shall consist of the following:

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- (a) Office of the Secretary
- (b) Offices of Undersecretaries
- (c) Offices of Assistant Secretaries
- (d) Public Affairs Office
- (e) Special Concerns Office
- (f) Pollution Adjudication Board

The staff sectoral bureaus on the other hand, shall be composed of:

- (a) Forest Management Bureau
- (b) Lands Management Bureau
- (c) Mines and Geo-Sciences Bureau
- (d) Environmental Management Bureau
- (e) Ecosystems Research and Development Bureau
- (f) Protected Areas and Wildlife Bureau

The field offices shall consist of all the department regional offices, the provincial offices and the community offices.

SECTION 7. Secretary of Environment and Natural Resources. The authority and responsibility for the exercise of the mandate of the Department, the accomplishment of its objectives and the discharge of its powers and functions shall be vested in the Secretary of Environment and Natural Resources, hereinafter referred to as Secretary, who shall supervise the Department and shall be appointed by the President. For such purposes, the Secretary shall have the following functions:

- (a) Advise the President on the promulgation of rules, regulations and other issuances relative to the conservation, management, development and proper use of the country's natural resources;
- (b) Establish policies and standards for the efficient and effective operations of the Department in accordance with the programs of the government;
- (c) Promulgate rules, regulations and other issuances necessary in carrying out the Department's mandate, objectives, policies, plans, programs and projects;
- (d) Exercise supervision over all functions and activities of the Department;
- (e) Delegate authority for the performance of any administrative or substantive function to subordinate officials of the Department;
- (f) Perform other functions as may be provided by law or assigned appropriately by the President.

SECTION 8. Office of the Secretary. The Office of the Secretary shall consist of the Secretary and his immediate staff.

SECTION 9. Undersecretary. The Secretary shall be assisted by five (5) Undersecretaries who shall be appointed by the President upon the recommendation of the Secretary. The Secretary is hereby authorized to delineate, assign and/or reassign the respective functional areas of responsibility of the Undersecretary, provided, that such responsibility shall be with respect to the mandate and objectives of the Department; and provided, further, that no Undersecretary shall be assigned primarily administrative responsibilities. Within his functional area of responsibility, an Undersecretary shall have the following functions:

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- (a) Advise the Secretary in the promulgation of Department orders, administrative orders and other issuances, with respect to his area of responsibility;
  - (b) Exercise supervision over the offices, services, operating units and officers and employees under his responsibility;
  - (c) Promulgate rules and regulations, consistent with Department policies, that will efficiently and effectively govern the activities of units under his responsibility;
  - (d) Coordinate the functions and activities of the units under his responsibility with those of other units under the responsibility of other Undersecretaries;
  - (e) Exercise authority on substantive and administrative matters related to the functions and activities of units under his responsibility as may be delegated by the Secretary;
  - (f) Perform other functions as may be provided by law or assigned appropriately by the Secretary.

SECTION 10. Assistant Secretary. The Secretary and the Undersecretaries shall be assisted by seven (7) Assistant Secretaries in the formulation, management and implementation of natural resources laws, policies, plans, and programs and projects. They shall oversee the day-to-day operations, administration and supervision of the constituents of the Department. The seven (7) Assistant Secretaries shall be responsible for the following:

- (a) Policy and Planning Studies
- (b) Foreign-Assisted and Special Projects
- (c) Field Operations in Luzon
- (d) Field Operations in Visayas
- (e) Field Operations in Mindanao
- (f) Legal Affairs
- (g) Management Services

SECTION 11. Public Affairs Office. There is hereby created a Public Affairs Office, under the Office of the Secretary, to be headed by a Director and assisted by an Assistant Director; which shall serve as the public information arm of the Department. It shall be responsible for disseminating information on natural resources development policies, plans, programs and projects; and respond to public queries related to the development and conservation of natural resources.

The Public Affairs Offices of all bureaus are hereby abolished and their functions are transferred to the Public Affairs Office in accordance with Section 24 (b) hereof.

SECTION 12. Special Concerns Office. There is hereby created a Special Concerns Office under the Office of the Secretary, to be headed by a Director and assisted by an Assistant Director, which shall be responsible for handling priority areas/subjects identified by the Secretary which necessitates special and immediate attention.

SECTION 13. Forest Management Bureau. There is hereby created a Forest Management Bureau which shall integrate and absorb the powers and functions of the Bureau of Forest Development (BFD) and the Wood Industry Development Authority (WIDA), in accordance with Section 24 (e) hereof except those line functions and powers which are transferred to the regional field office. The Forest Management Bureau, to be headed by a Director and assisted by an Assistant Director shall advise the Secretary on matters pertaining to forest development and conservation and shall have the following functions, but not limited to:

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- (a) Recommend policies and/or programs for the effective protection, development, occupancy, management and conservation of forest lands and watersheds, including grazing and mangrove areas, reforestation and rehabilitation of critically denuded/degraded forest reservations, improvement of water resource use and development, ancestral lands, wilderness areas and other natural preserves, development of forest plantations including rattan, bamboo, and other valuable non-timber forest resources, rationalization of the wood-based industries, regulation of the utilization and exploitation of forest resources including wildlife, to ensure continued supply of forest goods and services.
  - (b) Advise the regional offices in the implementation of the above policies and/or programs.
  - (c) Develop plans, programs, operating standards and administrative measures to promote the Bureau's objectives and functions.
  - (d) Assist in the monitoring and evaluation of forestry and watershed development projects to ensure efficiency and effectiveness.
  - (e) Undertake studies on the economics of forestry and forest-based industries, including supply and demand trends on the local, national and international levels, identifying investment problems and opportunities, in various areas.
  - (f) Perform other functions as may be assigned by the Secretary and/or provided by law.

SECTION 14. Lands Management Bureau. There is hereby created the Lands Management Bureau which shall absorb functions and powers of the Bureau of Lands except those line functions and powers which are transferred to the regional field office. The Lands Management Bureau to be headed by a Director and assisted by an Assistant Director shall advise the Secretary on matters pertaining to rational land classification management and disposition and shall have the following functions, but not limited to:

- (a) Recommend policies and programs for the efficient and effective administration, surveys, management and disposition of alienable and disposable lands of the public domain and other lands outside the responsibilities of other government agencies; such as reclaimed areas and other areas not needed for or are not being utilized for the purposes for which they have been established;
- (b) Advise the Regional Offices on the efficient and effective implementation of policies, programs and projects for more effective public lands management;
- (c) Assist in the monitoring and evaluation of land surveys, management and disposition of lands to ensure efficiency and effectiveness thereof;
- (d) Issue standards, guidelines, regulations and orders to enforce policies for the maximization of land use and development;
- (e) Develop operating standards and procedures to enhance the Bureau's objectives and functions;
- (f) Assist the Secretary as Executive Officer charged with carrying out the provisions of the Public Land Act (C.A. 141, as amended), who shall have direct executive control of the survey, classification, lease, sale or any other forms of concessions or disposition and management of the lands of the public domain;
- (g) Perform other functions as may be assigned by the Secretary and/or provided by law.

SECTION 15. Mines and Geo-Sciences Bureau. There is hereby created the Mines and Geo-Sciences Bureau which shall absorb the functions of the Bureau of Mines and Geo-Sciences (BMGS), Mineral Reservations Development Board (MRDB) and the Gold Mining Industry Development

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Board (GMIDB) all of which are hereby merged in accordance with Section 24 hereof except those line functions and powers which are transferred to the regional field office. The Mines and Geo-Sciences Bureau, to be headed by a Director and assisted by an Assistant Director shall advise the Secretary on matters pertaining to geology and mineral resources exploration, development and conservation and shall have the following functions, but not limited to:

- (a) Recommend policies, regulations and programs pertaining to mineral resources development and geology;
- (b) Recommend policies, regulations and oversee the development and exploitation of mineral resources of the sea within the country's jurisdiction such as silica sand, gold placer, magnetite and chromite sand, etc.
- (c) Advise the Secretary on the granting of mining rights and contracts over areas containing metallic and non-metallic mineral resources;
- (d) Advise the Regional Offices on the effective implementation of mineral development and conservation programs as well as geological surveys;
- (e) Assist in the monitoring and evaluation of the Bureau's programs and projects to ensure efficiency and effectiveness thereof;
- (f) Develop and promulgate standards and operating procedures on mineral resources development and geology;
- (g) Supervise and control the development and packaging of nationally applicable technologies on geological survey, mineral resource assessment, mining and metallurgy; the provision of geological, metallurgical, chemical and rock mechanics laboratory services; the conduct of marine geological and geophysical survey and natural exploration drilling programs;
- (h) Perform other functions as may be assigned by the Secretary and/or provided by law.

SECTION 16. Environmental Management Bureau. There is hereby created an Environmental Management Bureau. The National Environmental Protection Council (NEPC), the National Pollution Control Commission (NPCC) and the Environmental Center of the Philippines (ECP), are hereby abolished and their powers and functions are hereby integrated into the Environmental Management Bureau in accordance with Section 24 (c) hereof, subject to Section 19 hereof. The Environmental Management Bureau shall be headed by a Director and assisted by an Assistant Director who shall advise the Secretary on matters relating to environmental management, conservation, and pollution control. The Environmental Management Bureau shall have the following functions:

- (a) Recommend possible legislations, policies and programs for environmental management and pollution control;
  - (b) Advise the Regional Offices in the efficient and effective implementation of policies, programs, and projects for the effective and efficient environmental management and pollution control;
  - (c) Formulate environmental quality standards such as the quality standards for water, air, land, noise and radiations;
  - (d) Recommend rules and regulations for environmental impact assessments and provide technical assistance for their implementation and monitoring;
  - (e) Formulate rules and regulations for the proper disposition of solid wastes, toxic and hazardous substances;
  - (f) Advise the Secretary on the legal aspects of environmental management and pollution control and assist in the conduct of public hearings in pollution cases;
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- (g) Provide secretariat assistance to the Pollution Adjudication Board, created under Section 19 hereof;
  - (h) Coordinate the inter-agency committees that may be created for the preparation of the State of the Philippine Environment Report and the National Conservation Strategy;
  - (i) Provide assistance to the Regional Offices in the formulation and dissemination of information on environmental and pollution matters to the general public;
  - (j) Assist the Secretary and the Regional Officers by providing technical assistance in the implementation of environmental and pollution laws;
  - (k) Provide scientific assistance to the Regional Offices in the conduct of environmental research programs.

SECTION 17. Ecosystems Research and Development Bureau. The Forest Research Institute and the National Mangrove Committee are hereby abolished and integrated into the Ecosystems Research and Development Bureau in accordance with Section 24 (e) hereof. The Ecosystems Research and Development Bureau shall be headed by a Director and assisted by an Assistant Director. The Bureau shall have the following functions:

- (a) Formulate and recommend an integrated research program relating to Philippine ecosystems and natural resources such as minerals, lands, forests, as holistic and interdisciplinary fields of inquiry;
- (b) Assist the Secretary in determining a system of priorities for the allocation of resources to various technological research programs of the department;
- (c) Provide technical assistance in the implementation and monitoring of the aforementioned research programs;
- (d) Generate technologies and provide scientific assistance in the research and development of technologies relevant to the sustainable uses of Philippine ecosystems and natural resources;
- (e) Assist the Secretary in the evaluation of the effectiveness of the implementation of the integrated research program.

The Ecosystems Research and Development Bureau shall directly manage and administer the FORI Research Offices, laboratories, and forest experiment stations located at UP Los Banos and such other field laboratories as the Secretary may assign to its direct supervision. The Bureau shall coordinate all technological researches undertaken by the field offices, assess and translate all recommendable findings and disseminate such findings for all possible users and clientele.

SECTION 18. Protected Areas and Wildlife Bureau. There is hereby created a Protected Areas and Wildlife Bureau which shall absorb the Division of Parks and Wildlife and the Marine Parks Program of the Bureau of Forest Development as well as: Calauit Game Preserve and Wildlife Sanctuary, Presidential Committee on the Conservation of Tamaraw, Ninoy Aquino Parks and Wildlife Center (formerly Parks and Wildlife Nature Center), shares in Kabuhayan Program and Agro Forestry State Projects of the KKK Processing Authority, all national parks, wildlife sanctuaries and game preserves previously managed and administered by the Ministry of Human Settlements including National Parks Reservation situated in the provinces of Bulacan, Rizal, Laguna and Quezon formerly declared as Bagong Lipunan Sites of said Ministry, Magat Forest Reservation and Mt. Arayat National Park, formerly with the Ministry of Tourism in accordance with Section 24 (c) hereof. The Protected Areas and Wildlife Bureau shall be headed by a Director and assisted by an Assistant Director. The Bureau shall have the following functions:

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- (a) Formulate and recommend policies, guidelines, rules and regulations for the establishment and management of an Integrated Protected Areas Systems such as national parks, wildlife sanctuaries and refuge, marine parks, and biospheric reserves;
  - (b) Formulate and recommend policies, guidelines, rules and regulations for the preservation of biological diversity, genetic resources, the endangered Philippine flora and fauna;
  - (c) Prepare an up-to-date listing of endangered Philippine flora and fauna and recommend a program of conservation and propagation of the same;
  - (d) Assist the Secretary in the monitoring and assessment of the management of the Integrated Protected Areas System and provide technical assistance to the regional Offices in the implementation of programs for these areas;
  - (e) Perform other functions as may be assigned by the Secretary and/or provided by law.

SECTION 19. Pollution Adjudication Board. There is hereby created a Pollution Adjudication Board under the Office of the Secretary. The Board shall be composed of the Secretary as Chairman, two (2) Undersecretaries as may be designated by the Secretary, the Director of Environmental Management, and three (3) others to be designated by the Secretary as members. The Board shall assume the powers and functions of the Commission/Commissioners of the National Pollution Control Commission with respect to the adjudication of pollution cases under Republic Act 3931 and Presidential Decree 984, particularly with respect to Section 6 letters e, f, g, j, k, and p of P.D. 984. The Environmental Management Bureau shall serve as the Secretariat of the Board. These powers and functions may be delegated to the regional officers of the Department in accordance with rules and regulations to be promulgated by the Board.

SECTION 20. Field Offices of the Department. The field offices of the Department are the Environment and Natural Resources Regional Offices in the thirteen (13) administrative regions of the country, the Environment and Natural Resources Provincial Office in every province and the Community Office in municipalities wherever deemed necessary. The regional offices of the Bureau of Forest Development, Bureau of Mines & Geo-Sciences and Bureau of Lands in each of the thirteen (13) administrative regions and the research centers of the Forest Research Institute are hereby integrated into the Department-wide Regional Environment and Natural Resources Office of the Department, in accordance with Section 24 (e) hereof. A Regional Office shall be headed by a Regional Executive Director (with the Rank of Regional Director) and shall be assisted by five (5) Regional Technical Directors (with the Rank of Assistant Regional Director) each for Forestry, Lands Management, Mines and Geo-Sciences, Environmental Management and Ecosystems Research. The Regional Executive Directors and Regional Technical Directors shall be Career Executive Service Officers.

SECTION 21. Functions of Environment and Natural Resources Regional Office. Environment and Natural Resources Regional Offices shall be located in the identified regional capitals and shall have the following functions, but not limited to:

- (a) Implement laws, policies, plans, programs, projects, rules and regulations of the Department to promote the sustainability and productivity of natural resources, social equity in natural resource utilization and environmental protection.
  - (b) Provide efficient and effective delivery of services to the people;
  - (c) Coordinate with regional offices of other departments, offices, agencies in the region and local government units in the enforcement of natural resource conservation laws and regulations, and in the formulation/implementation of natural resources programs and projects;
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- (e) Recommend and, upon approval, implement programs and projects on forestry, minerals, and land management and disposition;
  - (f) Conduct comprehensive inventory of natural resources in the region and formulate regional short and long-term development plans for the conservation, utilization and replacement of natural resources;
  - (g) Evolve respective regional budget in conformity with the priorities established by the Regional Development Councils;
  - (h) Supervise the processing of natural resources products, grade and inspect minerals, lumber and other wood processed products, and monitor the movement of these products;
  - (i) Conduct field researches for appropriate technologies recommended for various projects;
  - (j) Perform other functions as may be assigned by the Secretary and/or provided by law.

The natural resources provincial and community offices shall absorb, respectively, the functions of the district offices of the bureaus, which are hereby abolished in accordance with Section 24 (b) hereof. The provincial and community natural resource office shall be headed by a provincial natural resource officer and community natural resource officer, respectively.

SECTION 22. Attached Agencies and Corporations. The following agencies and corporations are attached to the Department:

- (a) National Mapping and Resource Information Authority. There is hereby created the National Mapping and Resource Information Authority (NAMRIA) which shall integrate the functions and powers of the Natural Resources Management Center (NRMC), National Cartography Authority (NCA), the Bureau of Coast and Geodetic Survey (BCGS), and the Land Classification Teams based at the then Bureau of Forest Development, in accordance with Section 24 (e) hereof, which shall provide the Department and the government with map-making services. The authority shall act as the central mapping agency which will serve the needs of the line services of the Department and other government offices with regard to information and researches, and shall expand its capability in the production and maintenance of maps, charts and similar photogrammetry and cartography materials.

The Authority shall be responsible for conducting research on remote sensing technologies such as satellite imagery analysis, airborne multi-spectral scanning systems, and side-looking airborne radar; provide remote sensing services and vital data on the environment, water resources, agriculture, and other information needed by other government agencies and the private sector; integrate all techniques of producing maps from the ground surveys to various combinations of remote sensing techniques in a cost effective and acceptable manner; and the integration of geographic and related information to facilitate access to and analysis of data and its transformation into useful information for resource policy formulation, planning and management. It shall be the central depository and distribution facility for natural resources data in the form of maps, statistics, text, charts, etc. store on paper, film or computer compatible media and shall operate information services and networks to facilitate transfer, sharing, access and dissemination of natural resource information in all regions and provinces of the country; establishment of a nationwide geodetic network of control points that serves as a common reference system for all surveys in the country and conduct hydrographic and coastal surveys to produce the hydrographic and nautical charts vital to sea and water travel as well as the exploitation of our marine resources; formulate and implement nationwide development program on aerial photography, cartography and remote sensing

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mapping activities; establish and implement technical standards and quality specifications on map production and its reproduction; and provide photogrammetry, cartographic and remote sensing mapping services in order to accelerate the development of a comprehensive data bank and information systems on base maps and charts.

The NAMRIA shall be provided with policy directions by a five (5) member Board of Governors consisting of key officers with no less than the rank of undersecretaries as follows:

Department of Environment & Natural Resources	- chairman
Department of Agriculture	- member
Department of Public Works & Highways	- member
Department of National Defense	- member
Department of Transportation & Communications	- member

The operations and management of NAMRIA shall be vested in an Administrator who shall be assisted by three (3) Deputy Administrators. The Administrator shall sit in the Board as its secretary.

- (b) Natural Resources Development Corporation. The existing Natural Resources Development Corporation (NRDC), shall be reorganized under the direct supervision of the Secretary. It shall be responsible primarily for promoting natural resource development and conservation through:

- (1) Direct involvement in pioneering but potentially viable production, use, and marketing ventures or projects using new/innovative technologies, systems, and strategies such as but not limited to stumpage sales system, industrial forest plantations or logging operations, rattan tissue culture; provided, however, that activities which compete with the private sector shall be avoided except in specific cases where the revenues of NRDC are earmarked for a specific local developmental or social service.
- (2) Financing natural resource development projects undertaken by the private sector such as establishing industrial tree plantations, agro-forestry, small scale mining and retooling of the natural resource-based processing industries to improve their efficiency and competitiveness; to discharge these functions effectively, it is hereby authorized to generate funds through debt instruments from various sources, and innovative income-generating strategies.

The NRDC shall promote the enhancement of forest renewal rate through intensified Industrial Tree Plantation promotion including the provision of incidental services such as extension of assistance on equity/capital, credit line/facilities, marketing and management.

- (c) The National Electrification Administration. The National Electrification Administration (NEA) which is also attached to the Department shall be reorganized in order that it can effectively and efficiently act and operate as the principal implementing arm of the Department in matters of energy farming and aspects and components of energy policies, programs and plans which can not be carried out by the private sector. The plans and programs of NEA shall be carried out in conformity with policies defined by appropriate energy authorities.

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SECTION 23. Detachment and Transfers. The following offices and corporation attached to the Department of Environment, Energy and Natural Resources by E.O. 131 are hereby detached and/or transferred as follows;

- (a) Manila Seedling Bank Foundation, Inc. is administratively detached from the Department.
- (b) Bureau of Energy Utilization, and
- (c) Bureau of Energy Development are transferred to the appropriate energy governing body pursuant to the Executive Order pertaining to it.

SECTION 24. Transitory Provisions. In accomplishing the acts of reorganization herein prescribed, the following transitory provisions shall be complied with, unless otherwise provided elsewhere in this Executive Order:

- (a) The transfer of a government unit shall include the functions, appropriations, funds, records, equipment, facilities, chosen in action, rights, other assets, and liabilities, if any, of the transferred unit as well as the personnel thereof, as may be necessary, who shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits. Those personnel from the transferred unit whose positions are not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary or who are not reappointed shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of Section 25 hereof.
- (b) The transfer of functions which results in the abolition of the government unit that exercised them shall include the appropriations, funds, records, equipment, facilities, chosen in action, rights, other assets and personnel as may be necessary to the proper discharge of the transferred functions. The abolished unit's remaining appropriations and funds, if any, shall revert to the General Fund and its remaining assets, if any, shall be allocated to such appropriate units as the Secretary shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Its liabilities, if any, shall likewise be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Its personnel shall, in a hold-over capacity, continue to perform their duties and responsibilities and receive the corresponding salaries and benefits. Its personnel whose positions are not included in the Department's structure and staffing pattern approved and prescribed by the Secretary under Section 25 hereof or who is not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 25.
- (c) Any transfer of functions which does not result in the abolition of the government unit that has exercised them shall include the appropriations, funds, records, equipment, facilities, chosen in action, rights, and assets and personnel as may be necessary to the proper discharge of the transferred functions. The liabilities, if any, that may have been incurred in connection with the discharge of the transferred functions, shall be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Such personnel shall, in a hold-over capacity, continue to perform their duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service. Any personnel, whose positions are not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary under Section 25

hereof or who is not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 25.

- (d) In case of the abolition of the government unit which does not result in the transfer of its functions to another unit, the appropriations and funds of the abolished entity shall revert to the General Fund, while the records, equipment, facilities, chosen in action, rights, and other assets thereof shall be allocated to such appropriate entities as the Secretary shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The liabilities of the abolished units shall be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations, while the personnel thereof, whose position, is not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary under Section 25 hereof or who has not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 25.
- (e) In case of merger or consolidation of government units, the new or surviving unit shall exercise the functions (subject to the reorganization herein prescribed and the laws, rules and regulations pertinent to the exercise of such functions) and shall acquire the appropriations, funds, records, equipment, facilities, chosen in action, rights, other assets, liabilities, if any, and personnel, as may be necessary, of the units that compose the merged unit shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service. Any such personnel, whose positions are not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary under Section 25 hereof or who are not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 25.
- (f) In case of termination of a function which does not result in the abolition of the government unit which performed such function, the appropriations and funds intended to finance the discharge of such function shall revert to the General Fund while the records, equipment, facilities, chosen in action, rights and other assets used in connection with the discharged of such function shall be allocated to the appropriate units as the Department shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The liabilities, if any, that may have been incurred in connection with the discharge of such function shall likewise be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The personnel who have performed such function, whose positions are not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary under Section 25 hereof or who have not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 25 hereof.

**SECTION 25. New Structure and Pattern.** Upon approval of this Executive Order, the officers and employees of the Department shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from government service.

The new position structure and staffing pattern of the Department shall be approved and prescribed by the Secretary within sixty (60) days from the effectivity of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by him or by the



President as the case may be. Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one (1) month basic salary for every year of service in the government, or a fraction thereof, computed on the basis of the highest salary received, but in no case shall payment exceed the equivalent of twelve (12) months salary.

SECTION 26. Periodic Performance Evaluation. The Department of Environment and Natural Resources is hereby required to formulate and enforce a system of measuring and evaluating periodically and objectively the performance of the Department and submit the same annually to the President.

SECTION 27. Notice or Consent Requirement. If any reorganizational change herein authorized is of such substance or materiality as to prejudice third persons with rights recognized by law or contract such that notice to or consent of creditors is required to be made or obtained pursuant to any agreement entered into with any of such creditors, such notice or consent requirement shall be complied with prior to the implementation of such reorganizational change.

SECTION 28. Prohibition Against Structural Changes. No change in the reorganization herein prescribed shall be valid except upon prior approval of the President for the purpose of promoting efficiency and effectiveness in the delivery of public services.

SECTION 29. Funding. Funds needed to carry out the provisions of this Executive Order shall be taken from funds available in the Department.

SECTION 30. Implementing Authority of the Secretary. The Secretary shall issue such orders, rules and regulations and other issuances as may be necessary to ensure the effective implementation of the provisions of this Executive Order.

SECTION 31. Separability. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SECTION 32. Repealing Clause. All laws, ordinances, rules, regulations and other issuances or parts thereof, which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.

SECTION 33. Effectivity. This Executive Order shall take effect immediately.

APPROVED in the City of Manila, Philippines, this 10th day of June, in the Year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 193**  
**PROVIDING FOR THE REORGANIZATION OF THE OFFICE OF ENERGY**  
**AFFAIRS AND FOR OTHER PURPOSES**

WHEREAS, under Article II, Section 1, of the Provisional Constitution, as adopted in Proclamation No. 3 dated March 25, 1986, the President shall give priority to measures to achieve the mandate of the people to completely reorganize the government;

WHEREAS, Article XVIII, Section 16, of the 1987 Constitution recognizes that the reorganization of the government shall be continued even after the ratification of the Constitution;

WHEREAS, under Article XVIII, Section 6, of the 1987 Constitution, the President shall continue to exercise legislative powers until the First Congress is convened;

WHEREAS, pursuant to Executive Order No. 20, dated June 19, 1986 for the administrative supervision of all the offices, agencies and corporations attached to the Ministry of Energy, the Office of Energy Affairs in the Office of the President was created;

WHEREAS, there is a need to reorganize the Office of Energy Affairs for better administration and formulation of plans and policies for energy resource development and utilization functions;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SEC. 1. Title. This Executive Order shall otherwise be known as the Act Providing for the Reorganization of the Office of Energy Affairs.

SEC. 2. The Office of Energy Affairs. The Office of Energy Affairs is hereby reorganized structurally and functionally, in accordance with the provisions of this Executive Order. The Office of Energy Affairs shall be under the Office of the President.

SEC. 3. Mandate. The Office of Energy Affairs, hereinafter referred to as the Energy Office, shall be primarily responsible for the formulation, planning, monitoring, implementation of, and coordination of policies and programs in the field of energy. The primary function of the Energy Office shall be to ensure a continuous, adequate and economic supply of energy with the end in view of ultimately achieving self-reliance in the country's energy requirements, through intensive exploration and development of indigenous energy resources, and through the judicious conservation and efficient utilization of energy consistent with the country's accelerated economic growth objectives.

SEC. 4. Powers and Functions. The Energy Office shall have the following powers and functions:

- (a) Formulate policies, consistent with Section 3 and pertinent national guidelines, and coordinate all activities which the government may need to undertake relative to the exploration, development, marketing, distribution, storage, and efficient utilization of energy resources from fossil fuels such as petroleum, coal, natural gas and gas liquids, nuclear-fuel resources, geothermal resources, hydroelectric resources, and existing and potential forms of non-conventional energy resources;
- (b) Establish and administer a comprehensive and integrated program for the exploration, exploitation, development, extraction, importation, exportation, transport, marketing,



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- distribution, storage, and efficient utilization of fossil, nuclear, geothermal, hydroelectric and non-conventional forms of energy resources;
- (c) Encourage and guide business activities relative to the exploration, exploitation, development, extraction, importation, exportation, transport, marketing, distribution and storage of fossil, nuclear, geothermal, hydroelectric, and non-conventional forms of energy resources;
  - (d) Assess, review and provide direction to, in coordination with concerned government agencies, energy research and development programs, including identification of sources of energy and determination of their commercial feasibility for development;
  - (e) Formulate such rules and regulations as may be necessary to implement the objectives and provisions of this Executive Order;
  - (f) Perform other functions as established by law or as ordered by higher authority; and
  - (g) Exercise all powers necessary or incidental to attain the objectives of this Executive Order.

SEC. 5. Structural Organization. The Energy Office shall consist of the following:

- (a) Office of the Executive Director;
- (b) Office of the Deputy Executive Director for Energy Operations;
- (c) Office of the Deputy Executive Director for Energy Staff Services;
- (d) Special Concerns Services; and
- (e) Regional Field Offices.

SEC. 6. Executive Director. The authority and responsibility for the exercise of the mandate of the Energy Office and for the discharge of its powers and functions shall be vested in the Executive Director who shall have supervision and control of the Energy Office and shall be appointed by the President. The Executive Director shall have the following powers and functions:

- (a) Establish policies for the effective, efficient and economical operations of the Energy Office in accordance with the programs of government;
- (b) Promulgate rules and regulations necessary to carry out Energy Office objectives, policies, plans, programs and projects;
- (c) Exercise supervision and control over all functions and activities of the Energy Office;
- (d) Delegate authority for the performance of any administrative or substantive function to the Deputy Executive Director or other officials of rank at the Energy Office; and
- (e) Perform such other functions as may be provided by law or assigned by the President.

SEC. 7. Office of the Executive Director. The Office of the Executive Director shall consist of the Executive Director, the Deputy Executive Directors for Energy Operations and Energy Staff Services, and their immediate staff.

SEC. 8. Deputy Executive Directors. The Executive Director shall be assisted by two (2) Deputy Executive Directors who shall be appointed by the President upon the recommendation of the Executive Director. The Deputy Executive Directors shall have the following functions:

- (a) Advise the Executive Director on matters relative to the promulgation of administrative orders and other issuances of the Energy Office;
  - (b) Recommend the promulgation of rules and regulations, consistent with the policies of the Energy Office;
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- (c) Coordinate the functions and activities of the units under his authority;
- (d) Exercise delegated authority on substantive and administrative matters to the extent granted by the Executive Director through administrative issuances; and
- (e) Perform such other functions as may be provided by law or assigned by the Executive Director.

SEC. 9. Office of the Deputy Executive Director for Energy Operations. The Office of the Deputy Executive Director for Energy Operations shall consist of the Deputy Executive Director for Energy Operations and his immediate staff as determined by him; the Director for Energy Development Services; and the Director for Energy Utilization and Promotion Services.

- (a) Energy Development Services. The Energy Development Services shall be responsible for program and project planning relative to the exploration, exploitation, development and extraction of energy resources. Energy resources shall mean any substance by itself or in combination with others, or after processing or refining or the application to of technology, emanates, generates, or causes the emanation or generation of energy, such as but not limited to petroleum or petroleum products, coal, marsh gas, methane gas, geothermal and hydroelectric sources of energy, uranium, and other similar and radioactive minerals, solar energy, tidal power, as well as non-conventional existing and potential sources. It shall conduct energy research and studies and perform consultative training and advisory services to the practitioners and institutions in the areas of regulated activity. It shall perform such other functions as may be provided by law or directed by the President.
- (b) Energy Utilization and Promotion Services. The Energy Utilization and Promotion Services shall be responsible for program and project planning for the encouragement and guidance of business activities relative to importation, exportation, storage, shipping, transporting, refinement, processing, marketing, and distribution of energy resources. It shall also exercise such powers and functions, as appropriate, of the abolished Oil Industry Commission under Republic Act No. 6173, as amended, which were transferred to the Ministry of Energy under Section 12 of P.D. No. 1206, as amended. It shall also be responsible for the promotion and utilization of non-conventional energy technologies and resources. It shall perform such other functions as may be provided by law or as directed by the President.

SEC. 10. Office of the Deputy Executive Director for Energy Staff Service. The Office of the Deputy Executive Director for Energy Staff Services shall consist of the Deputy Executive Director for Energy Staff Services and his immediate staff as determined by him; the Director for Financial and Management Services; the Director for Planning Services; and the Director for Legal Affairs and Counselling Services.

- (a) Financial and Management Services. The Financial and Management Services shall be responsible for providing the Energy Office with services relative to budgetary, financial and management improvement matters, assuring the integrity of financial operations and compliance with the requirements of the Commission on Audit and optimizing internal operating efficiency. It shall also be responsible for providing the Energy Office with services relating to personnel, information, records, supplies, collection and disbursements, security, custodial work and all other administrative matters.

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- (b) Planning Services. The Planning Services shall be responsible for the providing the Energy Office with services relating to planning, programming, and project development, including the formulation of short and long term energy plans, including power development, policies and programs and their priorities as may be warranted by domestic or international developments. It shall also review and evaluate energy development programs, including those which concern the development and utilization of non-conventional forms of energy resources.
- (c) Legal Affairs and Counselling Services. The Legal Affairs and Counselling Services shall be responsible for providing legal advice and services on all policy, program and operational matters of the Energy Office. It shall also provide legal counselling services in cases in which the Energy Office is a party. It shall also handle administrative cases against Energy Office personnel and submit recommendations pertaining to them.

SEC. 11. Special Concerns Services. The Special Concerns Services to be headed by a Director, shall be responsible for handling priority areas/subjects identified by the Executive Director which necessitate special and immediate attention.

The Director of the Special Concerns Services shall report to the Executive Director through the Deputy Executive Director for Energy Operations.

SEC. 12. Regional Field Offices. Regional Field Offices may be established by the Energy Office, subject to the approval of the President, in Luzon, Visayas and Mindanao as the Executive Director may determine as necessary to promote operating efficiency in the delivery of vital frontline service. They shall be responsible for the energy resource surveys, scanning and investigation in these areas, and compliance with promulgated rules, standards and regulations.

The Regional Field Offices shall have, within their respective regions, the following functions:

- (a) Implement laws, policies, programs, rules and regulations of the Energy Office;
- (b) Coordinate with other offices and agencies in the region;
- (c) Coordinate with local government units; and
- (d) Perform other functions as may be provided by law or assigned to them by the Executive Director.

The Regional Field Offices shall initially report to the Executive Director through the Deputy Executive Director for Energy Operations.

SEC. 13. Delegation of Power by the Executive Director. The Executive Director shall have the authority to delegate such substantive and administrative powers and authorities as may be necessary to the heads of various offices in the Energy Office.

SEC. 14. Coordination with Other Energy Agencies. The Energy Office shall coordinate with the Philippine National Oil Company, National Power Corporation and National Electrification Administration in the exercise of its functions, particularly as these pertain to the formulation of energy sector policies, plans and programs.

SEC. 15. Abolition and Transfers. The following organizational changes shall be complied with:

- (a) The Bureau of Energy Development is hereby abolished and its pertinent functions together with applicable appropriations, records, equipment and such personnel as may be necessary shall be transferred to the Office of the Deputy Executive Director for Energy Operations.

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- (b) The non-regulatory powers and functions of the Bureau of Energy Utilization together with applicable appropriations, records, equipment and such personnel as may be necessary shall be transferred to the Office of the Deputy Executive Director for Energy Operations.
  - (c) The regulatory and adjudicatory powers and functions of the Bureau of Energy Utilization remain with the Energy Regulatory Board as mandated by Executive Order No. 172.
  - (d) The National Coal Authority, as created by virtue of Presidential Decree NO. 1722, is hereby abolished. Its regulatory powers and functions together with applicable appropriations, records, equipment and such personnel as may be necessary shall be transferred to the Energy Regulatory Board. Its non-regulatory powers and functions together with applicable appropriations, records, equipment and such personnel as may be necessary shall be transferred to the appropriate units of the Energy Office. Its assets and liabilities shall be transferred to the national government, for disposal by the appropriate body.
  - (e) The Watershed Management Unit presently tasked with the implementation of Presidential Decree No. 1515, as amended, and the Environmental Unit are hereby abolished. Their powers and functions are transferred to the Department of Environment and Natural Resources consistent with Section 4 of Executive Order No. 192, Provided, That in the interest of promoting operating efficiency, the Department shall enter into agreement as appropriate with concerned government energy agencies which shall allow the latter to oversee the watershed and environment aspects in their respective areas of interest such as those where geothermal operations and water-based projects are conducted.

SEC. 16. Transitory Provisions. The following provisions shall be complied with in the abolition, transfers, and mergers or consolidations prescribed under Section 15 hereof.

- (a) The transfer of functions which results in the abolition of the government unit that has exercised them shall include the appropriations, funds, records, equipment, facilities, other assets and personnel as may be necessary to the proper discharge of the transferred functions. The abolished unit's remaining appropriations and funds, if any, shall revert to the General Fund and its remaining assets, if any, shall be allocated to such appropriate units as the Executive Director shall determine or shall otherwise be disposed of in accordance with the Auditing Code and other pertinent laws, rules and regulations. Its liabilities, if any, shall likewise be treated in accordance with the Auditing Code and other pertinent laws, rules and regulations. Its personnel shall, in hold-over capacity, continue to perform their duties and responsibilities and receive the corresponding salaries and benefits. Its personnel whose positions are not included in the Office's new position structure and staffing pattern approved and prescribed by the Executive Director under Section 17 hereof or who are not reappointed, shall be entitled to the benefits provided for in Section 17 hereof.
  - (b) The transfer of functions which does not result in the abolition of the government unit that has exercised them shall include the appropriations, funds, records, equipment, facilities, other assets and personnel as may be necessary to the proper discharge of the transferred functions. The liabilities, if any, that may have been incurred in connection with the discharge of the transferred functions, shall be treated in accordance with the Auditing Code and other pertinent laws, rules and regulations. Such personnel shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits. Any such personnel, whose position is not included in the new position structure and staffing pattern of the Energy Office approved and prescribed by the Executive Director
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under Section 17 hereof or who has not been reappointed, shall be entitled to the benefits provided for in the same Section 17.

- (c) In case of merger or consolidation of government units, the new or surviving unit shall exercise the functions (subject to the reorganization herein prescribed and the laws, rules and regulations, pertinent to the exercise of such functions) and shall acquire the appropriations, funds records, equipment, facilities, other assets, liabilities, if any, and personnel of (1) the units that compose the merged unit or (2) the absorbed unit, as the case may be. Such personnel shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits. Any such personnel, whose position is not included in the new position structure and staffing pattern of the Energy Office approved and prescribed by the Executive Director under Section 17 hereof or who is not reappointed, shall be entitled to the benefits provided in the same Section 17.

SEC. 17. New Structure and Staffing Pattern. Upon approval of this Executive Order, the officers and employees of the Energy Office shall be in a hold-over capacity, until such time that the reorganization of the Office is completed.

The new position structure and staffing pattern of the Energy Office shall be approved and prescribed by the Executive Director within ninety (90) days from the approval of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by the Executive Director or the President, as the case may be. Those separated from the service as a result of this reorganization shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one month basic salary for every year of continuous satisfactory service, or the equivalent nearest fraction thereof favorable to them on the basis of highest salary received, but in no case shall such payment exceed the equivalent of twelve (12) months salary.

SEC. 18. Periodic Performance Evaluation. The Energy Office is hereby required to formulate and enforce a system of measuring and evaluating periodically and objectively the performance of the Energy Office and submit the same annually to the President.

SEC. 19. Notice or Consent Requirement. If any reorganization change herein authorized is of such substance or materiality as to prejudice third persons with rights recognized by law or contract such that notice or consent of creditors; such notice or consent requirement shall be complied with prior to the implementation of such reorganization change.

SEC. 20. Prohibition Against Change. No change in reorganization herein prescribed shall be valid except upon prior approval of the President for the purpose of promoting efficiency and effectiveness in the delivery of public services.

SEC. 21. Funding. Funds needed to carry out the provisions of this Executive Order shall be taken from the existing appropriations of the Office of Energy Affairs.

SEC. 22. Implementing Authority of Executive Director. The Executive Director shall issue such rules, regulations and other issuances as may be necessary to ensure the effective implementation of the provisions of this Executive Order.

SEC. 23. Applicability Clause. The applicable provisions of existing laws, orders or issuances governing the administration and development of energy resources shall continue to have full force and effect, except insofar as inconsistent with this Executive Order.

SEC. 24. Repealing Clause. All laws, ordinances, orders, proclamations, rules, regulations, issuances or parts thereof, which are inconsistent with any of the provisions of this Executive Order are hereby repealed or modified accordingly.

SEC. 25. Separability. Any portion or provisions of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying the other provisions thereof; Provided, that such remaining portions can still stand and be given effect in their entirety to accomplish the objectives of this Executive Order.

SEC. 26. Effectivity. This Executive Order shall take effect immediately upon its approval.

APPROVED in the City of Manila, this 10th day of June, in the Year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILAEXECUTIVE ORDER NO. 194  
RESTRUCTURING THE TAXES ON AND PROVIDING FOR THE DISTRIBUTION OF RECEIPTS  
IN HORSE RACING, AND FOR OTHER PURPOSES

WHEREAS, there is a need to restructure the taxes on horse racing in order to maximize their revenue productivity and optimize their contribution to national economic recovery;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. Distribution of gross receipts. – Any provision of existing general or special law to the contrary notwithstanding, the total wager funds or gross receipts from the sale of betting tickets in horse races shall be apportioned as follows: eighty-two (82%) per cent shall be distributed in the form of dividends among the holders of winning tickets; eight and one-half (8½%) per cent shall be set aside as commission of the franchise grantee conducting the horse races; eight and one-half (8½%) per cent shall be set aside for the payment of stakes or prizes to winning horses; and one (1%) per cent shall be set aside for use of the Philippine Racing Commission: Provided, That in the case of gross receipts derived from the total sale of tickets for pari mutuel races, the one (1%) per cent government share shall be set aside for use of the Games and Amusements Board.

SEC. 2. Stamp tax on horse race tickets. – On each horse race ticket, there shall be collected a documentary stamp tax of ten (₱0.10) centavos: Provided, That if the cost of the ticket exceeds one (₱1.00) peso, an additional tax of ten (₱0.10) centavos on every one (₱1.00) peso or fractional part thereof shall be collected: Provided, further, That in the case of double, forecast/quinella and trifecta bets, the tax shall be five (₱0.05) centavos on every one (₱1.00) pesos worth of ticket.

SEC. 3. Tax on Winning. – Every person who wins in horse races shall pay a tax equivalent to ten (10%) per cent of his winnings or “dividends,” the tax to be based on the actual amount paid to him for every winning ticket after deducting the cost of the ticket: Provided, That in the case of winnings from double, forecast/quinella and trifecta bets, the tax shall be four (4%) per cent. In the case of owners of winning race horses, the tax shall be ten (10%) per cent of the prizes.

The tax herein prescribed shall be deducted from the “dividends” corresponding to each winning ticket or the “prize” of each winning race horse owner and withheld by the operator, manager, or person in charge of the horse races before paying the dividends or prizes to the persons entitled thereto.

The operator, manager, or person in charge of horse races shall, within twenty (20) days from the date the tax was deducted and withheld in accordance with the second paragraph hereof, file a true and correct return with the Commissioner of the Bureau of Internal Revenue in the manner or form to be prescribed by the Secretary of Finance, and pay within the same period the total amount of tax so deducted and withheld.

SEC. 4. The taxes herein prescribed shall be subject to review by the Secretary of Finance after eighteen (18) months from the date of effectivity and implementation of this Executive Order. If, after review, the level of government revenue from horse racing is equal to or higher than that corresponding to the eighteen (18) months immediately preceding the effectivity of this Executive Order, the tax structure for horse racing herein prescribed shall become permanent; otherwise, the taxes imposed



under the National Internal Revenue Code, as amended, and the distribution of gross receipts from the sale of betting tickets in horse races under Republic Act Nos. 6631 and 6632 shall be automatically restored.

SEC. 5. The Secretary of Finance shall promulgate the necessary rules and regulations to implement this Executive Order.

SEC. 6. Subject to the provisions of Section 4 hereof, Sections 203 and 229 of the National Internal Revenue Code, as amended; and all laws, orders, issuances, and rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SEC. 7. This Executive Order shall take effect immediately.

Done in the City of Manila, this 16th day of June, in the year of our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.



MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 195**

**AMENDING PARAGRAPH (b) OF SECTION 128 OF THE NATIONAL INTERNAL  
REVENUE CODE, AS AMENDED, BY REVISING THE EXCISE TAX RATES  
ON CERTAIN PETROLEUM PRODUCTS.**

WHEREAS, the upward trend in the world prices of crude oil has made it necessary to adjust the prices of domestic petroleum products;

WHEREAS, in the adjustment of oil prices, it is likewise necessary to restructure the excise tax components thereof in order to cushion the impact of increased prices of petroleum products on the economy; and

WHEREAS, in restructuring the excise tax components of certain petroleum products, it becomes imperative to adopt the pure ad valorem tax scheme in order to provide for a built-in flexibility to price changes and obviate frequent revisions of tax rates as a result of fluctuations in crude oil prices.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order that:

SECTION 1. Paragraph (b) of Section 128 of the National Internal Revenue Code, as amended, is hereby amended to read as follows:

“Par. (b) – For products subject to ad valorem tax only:

<b>PRODUCT</b>	<b>AD VALOREM TAX RATE</b>
1. Naphtha, gasoline and other similar products of distillation	48%
2. Aviation turbo jet fuel	48%
3. Thinners and solvents	48%
4. Fuel oil, commercially known as bunker fuel and on similar fuel oils having more or less the same generating power	0%
5. Fuel oil, commercially known as diesel fuel oil, and on similar fuel oils having more or less the same generating power	24%
6. Kerosene	24%
7. Liquefied petroleum gas	24%
8. Asphalts	24%

“The ad valorem tax imposed in this paragraph shall be based on the company take or netback on the product as approved by the Energy Regulatory Board including the said ad valorem tax.”

SECTION 2. All orders, issuances, rules and regulations or any part thereof which are inconsistent with the provisions of this Executive Order are hereby repealed or modified accordingly.

SECTION 3. This Executive Order shall take effect immediately.

Done in the City of Manila, this 17th day of June, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) **CORAZON C. AQUINO**  
President of the Philippines

By the President:  
(Sgd.) **JOKER P. ARROYO**  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 196**  
**VESTING THE JURISDICTION, CONTROL AND REGULATION OVER THE**  
**PHILIPPINE COMMUNICATIONS SATELLITE CORPORATION WITH THE NATIONAL**  
**TELECOMMUNICATIONS COMMISSION.**

WHEREAS, current developments stress the need to supervise and regulate the activities of all satellite terminal stations with satellite facilities for delivery to common carriers; and

WHEREAS, the Philippine Communications Satellite Corporation is one corporation with such satellite facilities;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. The Philippine Communications Satellite Corporation is hereby placed under the jurisdiction, control and regulation of the National Telecommunications Commission, including all its facilities and services, and the fixing of rates.

SECTION 2. All laws, orders, rules and regulations inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 3. This Executive Order shall take effect immediately.

Done in the City of Manila, this 17th day of June, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 197**

**INCREASING THE COMPOSITION OF THE BOARD OF TRUSTEES OF THE METROPOLITAN  
WATERWORKS AND SEWERAGE SYSTEM**

WHEREAS, the need has arisen to increase the present composition of the Board of Trustees of the Metropolitan Waterworks and Sewerage System (MWSS) to make it a more representative body and to enable it to effectively discharge its functions;

WHEREAS, in view of the need, coupled with the necessity for organizational changes under the 1987 Constitution, the existing Charter of the MWSS (Republic Act No. 6234 as amended) has to be further amended;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution and by law, do hereby order:

SECTION 1. The first and second paragraphs of Section 4 of Republic Act No. 6234, as amended, are hereby further amended to read as follows:

“Sec. 4. The Board of Trustees, Composition; Qualifications; Tenure; Powers and Duties. The corporate powers and functions of the System shall be vested in and exercised by a Board of Trustees composed of nine (9) members consisting of the Secretary of Public Works and Highways as ex-officio Chairman, unless the President of the Philippines shall appoint another person as Chairman, the Administrator of the System as Vice-Chairman, six (6) members who shall be appointed by the President of the Philippines, and the Government Corporate Counsel as ex-officio member who shall be the legal adviser of the Board.”

The Chairman, if appointed, and the six (6) appointive members of the Board shall hold office for a period of five (5) years, except that any person appointed to fill a vacancy shall serve only for the unexpired portion of the term of the member whom he succeeds.”

SEC. 2. The Board of Trustees shall adopt rules and procedures in the conduct of its meetings. A majority of the Board shall constitute a quorum for the transaction of business and the affirmative vote of five (5) members shall be required for the adoption of any action.

SEC. 3. All laws, executive or administrative orders, letters of instructions, rules and regulations, or parts thereof, inconsistent with this Executive Order, are hereby repealed, amended or modified accordingly.

SEC. 4. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 17th day of June, in the Year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 198**  
**PROVIDING FOR THE MANNER OF NOMINATION AND APPOINTMENT OF SECTORAL REPRESENTATIVES TO THE HOUSE OF REPRESENTATIVES**

WHEREAS, Section 5(2), Article VI of the 1987 Constitution provides, that: “The party-list representatives shall constitute twenty per centum of the total number of representatives including those under the party-list. For three consecutive terms after the ratification of this Constitution, one-half of the seats allocated to party-list representatives shall be filled, as provided by law, by selection or election from the labor, peasant, urban poor, indigenous cultural communities, women, youth, and such other sectors as may be provided by law, except the religious sector”;

WHEREAS, Section 7, Article XVIII of the 1987 Constitution states, “Until a law is passed, the President may fill by appointment from a list of nominees by the respective sectors the seats reserved for sectoral representation in paragraph (2), Section 5 of Article VI of this Constitution”;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

**SECTION 1. Sectoral Representatives.** - There shall be twenty-five (25) sectoral representatives to the House of Representatives.

Nine (9) sectors shall be represented in the House of Representatives, namely: (a) labor; (b) peasant; (c) urban poor; (d) indigenous cultural communities; (e) women; (f) youth; (g) veterans; (h) the elderly and (i) the disabled, whose representatives shall be appointed by the President from the nominees of their respective sectors or of a member of the sector in the manner herein provided.

**SECTION 2. Scope of the Sectors.** - The labor sector refers to the industrial labor group, which includes all non-agricultural workers and employees.

The peasant sector covers the agricultural group, which includes all persons who personally and physically till the land as their principal occupation, agricultural tenants and lessees, rural workers and farm employees, owner-cultivators, settlers and small fishermen.

The urban poor sector includes the underprivileged and homeless citizens in urban areas.

The indigenous cultural communities sector covers all ethnic groups and cultural communities.

The women sector shall cover all women.

The youth sector embraces persons not more than thirty-five years of age.

The veterans sector embraces persons recognized as such veterans by the Armed Forces of the Philippines.

The elderly sector covers persons who are sixty-five years of age or over.

The sector of the disabled covers the physically and socially disabled.

**SECTION 3. Nominations.** - (a) Nominations of the sectoral representatives to the House of Representatives must be made by the organization/s or aggroupment of members of the sectoral groups defined in Section 2 hereof or by a member of the sector.

(b) All nominations shall be filed with the Office of the President not later than July 20, 1987.

(c) Nominations must be in writing and accompanied by the following supporting documents, namely: (i) curriculum vitae of the nominee/s; (ii) an indication of the sector to be represented by the

nominee; (iii) an endorsement of the nominating group or individual; and (iv) such other relevant materials as may help the appointing authority.

SECTION 4. Term. - The sectoral representatives appointed to the House of Representatives shall serve until noon of June 30, 1992.

SECTION 5. Vacancy. - In case of vacancy in the seats reserved for sectoral representatives in the House of Representatives, the President shall fill the vacancy by appointing a representative for such sector who shall serve for the unexpired term.

SECTION 6. Separability Clause. - Any portion or provision of this Executive Order that may be deemed unconstitutional shall not have the effect of nullifying other portions or provisions thereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SECTION 7. Effectivity Clause. - This Executive Order shall take effect immediately.

DONE in the City of Manila, this 18th day of June, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 199**  
**GRANTING FRANKING PRIVILEGES TO THE MEMBERS OF THE NEW CONGRESS OF THE  
PHILIPPINES FROM JUNE 30, 1987 TO AUGUST 30, 1987.**

WHEREAS, before the imposition of martial law on September 23, 1972 members of Congress had franking privileges because of the volume of mail that goes with their office;

WHEREAS, from the time the members of the new Congress take their oaths of office until Congress convenes and exercise their legislative duties, they would need such franking privileges;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by law, do hereby grant franking privileges to the members of the new Congress of the Philippines from June 30, 1987 to August 30, 1987 by which time Congress can enact the appropriate legislation granting to its members such franking privileges.

The Secretary of Transportation and Communications shall issue the necessary guidelines to implement this Executive Order.

This Executive Order shall take effect on June 30, 1987.

Done in the City of Manila, this 18th day of June, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

*Source: Presidential Management Staff*

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.



MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 200**

**PROVIDING FOR THE PUBLICATION OF LAWS EITHER IN THE OFFICIAL GAZETTE OR  
IN A NEWSPAPER OF GENERAL CIRCULATION IN THE PHILIPPINES AS A REQUIREMENT  
FOR THEIR EFFECTIVITY.**

WHEREAS, Article 2 of the Civil Code partly provides that “laws shall take effect after fifteen days following the completion of their publication in the Official Gazette, unless it is otherwise provided x x x;”

WHEREAS, the requirement that for laws to be effective only a publication thereof in the Official Gazette will suffice has entailed some problems, a point recognized by the Supreme Court in *Tañada, et al. vs. Tuvera, et al.* (G.R. No. 63915, December 29, 1986) when it observed that “[t]here is much to be said of the view that the publication need not be made in the Official Gazette, considering its erratic release and limited readership”;

WHEREAS, it was likewise observed that “[u]ndoubtedly, newspapers of general circulation could better perform the function of communicating the laws to the people as such periodicals are more easily available, have a wider readership, and come out regularly”; and

WHEREAS, in view of the foregoing premises Article 2 of the Civil Code should accordingly be amended so that laws to be effective must be published either in the Official Gazette or in a newspaper of general circulation in the country;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. Laws shall take effect after fifteen days following the completion of their publication either in the Official Gazette or in a newspaper of general circulation in the Philippines, unless it is otherwise provided.

SEC. 2. Article 2 of Republic Act No. 386, otherwise known as the “Civil Code of the Philippines,” and all other laws inconsistent with this Executive Order are hereby repealed or modified accordingly.

SEC. 3. This Executive Order shall take effect immediately after its publication in the Official Gazette.

Done in the City of Manila, this 18th day of June, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 201**

FURTHER AMENDING EXECUTIVE ORDER NO. 125, ENTITLED “REORGANIZING THE MINISTRY OF TRANSPORTATION AND COMMUNICATIONS, DEFINING ITS POWERS AND FUNCTIONS, AND FOR OTHER PURPOSES”, AS AMENDED

WHEREAS, to attain efficient and effective delivery of front line services, the complete organizational structure and staffing patterns of the Office of the Secretary and the Office of the Assistant Secretaries for the four (4) sectors in the Department, namely: Land Transportation, Telecommunications, Postal Services and Air Transportation must be delineated;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 7 of Execution Order No. 125, dated January 30, 1987, is hereby amended to read as follows:

“SECTION 7. Office of the Secretary. The Office of the Secretary shall consist of the Secretary, his immediate staff, the Franchising Review Staff and the Investigation, Security and Law Enforcement Staff.

The Franchising Review Staff shall be headed by a Review Staff Director with the same rank, salary and privileges of a Department Regional Director who shall be appointed by the President upon the recommendation of the Secretary. The Franchising Review Staff shall assist the Secretary in the review of cases and matters pertaining to, among others, grants of franchises and the regulation thereof.

The Investigation, Security and Law Enforcement Staff shall be headed by a Staff Director with the same rank, salary and privileges of a Department Service Chief. The Investigation, Security and Law Enforcement Staff shall be responsible for (a) providing security and intelligence for the Department; (b) coordinating security and intelligence activities of security units of its offices and attached agencies; (c) undertaking law enforcement functions and activities relating to land transportation.”

SECTION 2. Section 9 of Executive Order No. 125, dated January 30, 1987, as amended, is hereby further amended by adding thereto a new paragraph to read as follows:

“The Offices of the Assistant Secretaries for Land Transportation, Postal Services, Telecommunications, and Air Transportation, shall each have an Executive Director who shall assist the respective Assistant Secretaries in the implementation and enforcement of the policies, programs and projects, and the pertinent laws on their respective areas of responsibilities.”

SECTION 3. This Executive Order shall take effect immediately.

Done in the City of Manila, this 19th day of June, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 202**  
**CREATING THE LAND TRANSPORTATION FRANCHISING AND REGULATORY BOARD**

WHEREAS, the Department of Transportation and Communications is vested with, among others, quasi-judicial powers and functions pursuant to Executive Order No. 125, as amended;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Creation of the Land Transportation Franchising and Regulatory Board. There is hereby created in the Department of Transportation and Communications, the Land Transportation Franchising and Regulatory Board, hereinafter referred to as the "Board".

SECTION 2. Composition of the Board. The Board shall be composed of a Chairman and two (2) members with the same rank, salary and privileges of an Assistant Secretary, all of whom shall be appointed by the President of the Philippines upon recommendation of the Secretary of Transportation and Communications. One (1) member of the Board shall be a member of the Bar and shall have engaged in the practice of law in the Philippines for at least five (5) years, another a holder of a degree in civil engineering, and the other a holder of a degree in economics, finance or management both with the same number of years of experience and practice.

SECTION 3. Executive Director and Support Staff of the Board. The Board shall have an Executive Director who shall also be appointed by the President of the Philippines upon the recommendation of the Secretary of Transportation and Communications. He shall have the rank, salary and privileges of a Department Service Chief. He shall assist the Board in the performance of its powers and functions.

The Board shall be supported by the Technical Evaluation Division, Legal Division, Management Information Division, Administrative Division and Finance Division.

SECTION 4. Supervision and Control Over the Board. The Secretary of Transportation and Communications, through his duly designated Undersecretary, shall exercise administrative supervision and control over the Land Transportation Franchising and Regulatory Board.

SECTION 5. Powers and Functions of the Land Transportation Franchising and Regulatory Board. The Board shall have the following powers and functions:

a. To prescribe and regulate routes of service, economically viable capacities and zones or areas of operation of public land transportation services provided by motorized vehicles in accordance with the public land transportation development plans and programs approved by the Department of Transportation and Communications;

b. To issue, amend, revise, suspend or cancel Certificates of Public Convenience or permits authorizing the operation of public land transportation services provided by motorized vehicles, and to prescribe the appropriate terms and conditions therefor;

c. To determine, prescribe and approve and periodically review and adjust, reasonable fares, rates and other related charges, relative to the operation of public land transportation services provided by motorized vehicles;

d. To issue preliminary or permanent injunction, whether prohibitory or mandatory, in all cases in which it has jurisdiction, and in which cases the pertinent provisions of the Rules of Court shall apply;

e. To punish for contempt of the Board, both direct and indirect, in accordance with the pertinent provisions of, and the penalties prescribed by, the Rules of Court;

f. To issue subpoena and subpoena duces tecum and to summon witnesses to appear in any proceedings of the Board, to administer oaths and affirmations;

g. To conduct investigations and hearings of complaints for violation of the public service laws on land transportation and of the Board's rules and regulations, orders, decisions and/or rulings and to impose fines and/or penalties for such violations;

h. To review motu proprio the decisions/actions of the Regional Franchising and Regulatory Office herein created;

i. To promulgate rules and regulations governing proceedings before the Board and the Regional Franchising and Regulatory Office: Provided, That except with respect to paragraphs d, e, f and g hereof, the rules of procedure and evidence prevailing in the courts of law should not be controlling and it is the spirit and intention of said rules that the Board and the Regional Franchising and Regulatory Offices shall use every and all reasonable means to ascertain facts in its case speedily and objectively and without regard to technicalities of law and procedures, all in the interest of due process;

j. To fix, impose and collect, and periodically review and adjust, reasonable fees and other related charges for services rendered;

k. To formulate, promulgate, administer, implement and enforce rules and regulations on land transportation public utilities, standards of measurements and/or design, and rules and regulations requiring operators of any public land transportation service to equip, install and provide in their utilities and in their stations such devices, equipment, facilities and operating procedures and techniques as may promote safety, protection, comfort and convenience to persons and property in their charges as well as the safety of persons and property within their areas of operations;

l. To coordinate and cooperate with other government agencies and entities concerned with any aspect involving public land transportation services with the end in view of effecting continuing improvement of such services; and

m. To perform such other functions and duties as may be provided by law, or as may be necessary, or proper or incidental to the purposes and objectives of this Executive Order.

SECTION 6. Decision of the Board; Appeals therefrom and/or Review thereof. The Board, in the exercise of its powers and functions, shall sit and render its decision en banc. Every such decision, order, or resolution of the Board must bear the concurrence and signature of at least two (2) members thereof.

The decision, order or resolution of the Board shall be appealable to the Secretary within thirty (30) days from receipt of the decision: Provided, That the Secretary may motu proprio review any decision or action of the Board before the same becomes final.

SECTION 7. Creation of Regional Franchising and Regulatory Offices. There shall be a Regional Franchising and Regulatory Office in each of the administrative regions of the country which shall be headed by a Board Regional Manager having the rank, salary and privileges of a Department Assistant Regional Director. The Regional Franchising and Regulatory Offices shall hear and decide uncontested applications/petitions for routes, within their respective administrative regions: Provided, That applications/petitions for routes extending beyond their respective territorial jurisdictions shall be heard and decided by the Board.

Section 8. Appeals. The decisions, orders or resolutions of the Regional Franchising and Regulatory Offices shall be appealable to the Board within thirty (30) days from receipt of the decision.

Section 9. Appropriations. Funds needed to carry out the provisions of this Executive Order shall be taken from the funds available in the Department of Transportation and Communications. Thereafter, the approved budget of the Board shall be included in the General Appropriations Act.

Section 10. Effectivity. This Executive Order shall take effect immediately.

Done in the City of Manila, this 19th day of June, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 203**  
**PROVIDING A LIST OF REGULAR HOLIDAYS AND SPECIAL DAYS TO BE OBSERVED**  
**THROUGHOUT THE PHILIPPINES AND FOR OTHER PURPOSES.**

WHEREAS, a Cabinet Assistance Secretariat Committee was constituted to review all existing public holidays;

WHEREAS, there are too many holidays being observed which has caused confusion among the public.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Unless otherwise modified by law, order or proclamation, the following regular holidays and special days shall be observed in this country:

A. Regular Holidays

New Year's Day	- January 1
Maundy Thursday	- Movable date
Good Friday	- Movable date
Araw ng Kagitingan (Bataan and Corregidor Day)	- April 9
Labor Day	- May 1
Independence Day	- June 12
National Heroes Day	- Last Sunday of August
Bonifacio Day	- November 30
Christmas Day	- December 25
Rizal Day	- December 30

B. Nationwide Special Days

All Saints Day	- November 1
Last Day of the Year	- December 31

SECTION 2. Henceforth, the terms "legal or regular holiday" and "special holiday", as used in laws, orders, rules and regulations or other issuances shall now be referred to as "regular holiday" and "special day", respectively.

SECTION 3. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 4. This Executive Order shall take effect immediately.



DONE in the City of Manila, this 30th day of June, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 204**  
**MODIFYING THE COMPOSITION OF THE BOARD OF REGENTS OF THE UNIVERSITY**  
**OF THE PHILIPPINES SYSTEM, FURTHER AMENDING PRESIDENTIAL**  
**DECREE NO. 58, AS AMENDED**

WHEREAS, in view of the Congress under the 1987 Constitution, the composition of the Board of Regents of the University of the Philippines System must be modified to restore the membership of the Chairmen of the Committees on Education of the Senate and House of Representatives;

WHEREAS, there is a need to provide for faculty representation in the Board of Regents in the same manner as the students are represented by one Regent;

WHEREAS, the present membership of certain government officials in the Board of Regents is no longer imperative in view of the first Congress under the 1987 Constitution and the appointment of a faculty representative;

WHEREAS, in the light of the foregoing changes in the composition of the University of the Philippines System Board of Regents, the present number of the other Regents to be appointed by the President of the Philippines must be reduced;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. No. 3 of Presidential Decree No. 58, as amended, is hereby further amended to read as follows:

“3. The composition of the Board of Regents of the University of the Philippines System shall be as follows:

- (a) The Secretary of Education, Culture and Sports, as Chairman of the Board.
- (b) The President of the University of the Philippines System as Vice-Chairman of the Board.
- (c) The Chairman of the Senate Committee on Education.
- (d) The Chairman of the House Committee on Education.
- (e) The President of the U.P. Alumni Association.
- (f) One Regent representing the Faculty to be appointed by the President of the Philippines.
- (g) One Regent representing the Student Body to be appointed by the President of the Philippines.
- (h) Five other Regents appointed by the President of the Philippines, at least three of whom are alumni of the University.”

SECTION 2. Act No. 1870, as amended, is hereby further amended accordingly.

SECTION 3. All laws, order, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 4. This Executive Order shall take effect immediately.

Done in the City of Manila, this 30th day of June, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 204-A**  
**FURTHER AMENDING PRESIDENTIAL DECREE NO. 58, AS AMENDED.**

I, CORAZON C. AQUINO, President of the Philippines do hereby order:

SECTION 1. No. 3 of Presidential Decree No. 58, as amended, is hereby further amended to read as follows:

“3. The composition of the Board of Regents of the University of the Philippines System shall be as follows:

- (a) The Secretary of Education, Culture and Sports, as Chairman of the Board;
- (b) The President of the University of the Philippines System as Vice-Chairman of the Board;
- (c) The Chairman of the Senate Committee on Education;
- (d) The Chairman of the House Committee on Education;
- (e) The President of the U.P. Alumni Association, to serve for the duration of his term of office in the alumni association,
- (f) One Regent representing the Faculty to be appointed by the President of the Philippines, to serve for one year;
- (g) One Regent representing the Student Body to be appointed by the President of the Philippines, to serve for one year;
- (h) Five other Regents appointed by the President of the Philippines, at least three of whom are alumni of the University.

Of the five other Regents first appointed as above provided, the President shall designate three to serve for one year and two to serve for two years. Thereafter, the successors of such Regents, shall hold office for a term of two years or until their successors are appointed.

In case of vacancy in the Board of Regents such vacancy shall be filled by appointment by the President of the Philippines, and such appointee shall hold office for the unexpired term.”

SECTION 2. Act No. 1870 as amended, is hereby further amended accordingly.

SECTION 3. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 4. This Executive Order shall take effect immediately.

Done in the City of Manila, this 15th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 205**  
**REGULATING THE OPERATION OF CABLE ANTENNA TELEVISION (CATV) SYSTEMS IN**  
**THE PHILIPPINES, AND FOR OTHER PURPOSES**

WHEREAS, for the protection of the public and the promotion of the general welfare, the State may by law regulate the operation of Cable Antenna Television (CATV) systems;

WHEREAS, when the public interest so requires, monopolies in commercial mass media shall be regulated or prohibited;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The operation of Cable Antenna Television (CATV) system in the Philippines shall be open to all citizens of the Philippines, or to corporations, cooperatives or associations wholly-owned and managed by such citizens under a Certificate of Authority granted by the National Telecommunications Commission, hereinafter referred to as the Commission.

SECTION 2. A Certificate of Authority to operate Cable Antenna Television (CATV) system shall be granted by the Commission on a non-exclusive basis and for a period not to exceed fifteen (15) years, renewable for another similar period: Provided, That such certificate shall be subject to the limitation that the authority to operate shall not infringe on the television and broadcast markets.

SECTION 3. Subject to the limitations and procedures prescribed by law, the grantee is hereby authorized to exercise the right of eminent domain for the efficient maintenance and operation of Cable Antenna Television (CATV) system.

SECTION 4. A special right is hereby reserved to the President of the Philippines, in times of war, rebellion, public peril or other national emergency and/or when public safety requires, to cause the closure of any grantee's Cable Antenna Television (CATV) system or to authorize the use or possession thereof by the government without compensation.

SECTION 5. The grantee shall pay the income tax levied under Title II of the National Internal Revenue Code, as amended, and a franchise tax equivalent to three per centum (3%) of all gross receipts from business transacted under the Certificate of Authority.

SECTION 6. The National Telecommunications Commission is hereby authorized to issue the necessary rules and regulations to implement this Executive Order.

SECTION 7. Presidential Decree No. 1512 dated June 11, 1978 and all laws, orders, issuances and rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 8. This Executive Order shall take effect immediately.

Done in the City of Manila, this 30th day of June, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 206**  
**AMENDING SECTION 105 OF THE TARIFF AND CUSTOMS CODE OF THE PHILIPPINES**

WHEREAS, there is a need to adjust the maximum dutiable value of conditionally free importations of personal and household effects belonging to residents of the Philippines returning from abroad to a realistic level;

WHEREAS, to curb abuses in conditionally free importations under Section 105 (f) of the Tariff and Customs Code of the Philippines, the conditions for such importations must be restricted;

WHEREAS, there is also a need to recognize the magnitude of the contribution of the overseas contract workers whose lonely sacrifices in foreign lands bring in a considerable amount of foreign exchange annually thereby contributing to the national recovery effort;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 105 (f) of the Tariff and Customs Code of the Philippines is hereby amended, and a new subsection (f-1) is hereby added thereto, to read as follows:

“SECTION 105. Conditionally-Free Importations. – xx

x x x

(f) Personal and household effects belonging to residents of the Philippines returning from abroad including jewelry, precious stones and other articles of luxury which were formally declared and listed before departure and identified under oath before the Collector of Customs when exported from the Philippines by such returning residents upon their departure therefrom or during their stay abroad; personal and household effects including wearing apparel, articles of personal adornment (except luxury items), toilet articles, instruments related to one's profession and analogous personal or household effects, excluding vehicles, watercraft, aircraft and animals purchased in foreign countries by residents of the Philippines which were necessary, appropriate and normally used for their comfort and convenience during their stay abroad, accompanying them on their return, or arriving within a reasonable time which, barring unforeseen and fortuitous events, in no case shall exceed sixty (60) days after the owner's return: Provided, That the personal and household effects shall neither be in commercial quantities nor intended for barter, sale or hire and that the total dutiable value of which shall not exceed Ten Thousand Pesos (P10,000.00): Provided, further, That the returning resident has not previously availed of the privilege under this section within three hundred sixty five (365) days prior to his arrival: Provided, finally, That a fifty percent (50%) ad valorem duty across the board shall be levied and collected on the personal and household effects (except luxury items) in excess of Ten Thousand Pesos (P10,000.00).



For purposes of this section, the phrase “returning residents” shall refer to nationals who have stayed in a foreign country for a period of at least six (6) months.

(f-1) In addition to the privilege granted under the immediately preceding paragraph, returning overseas contract workers shall have the privilege to bring in, duty and tax free, used home appliances, limited to one of every kind once in a given calendar year accompanying them on their return, or arriving within a reasonable time which, barring unforeseen and fortuitous events, in no case shall exceed sixty (60) days after the owner’s return upon presentation of their original passport at the Port of Entry: Provided, That any excess of Ten Thousand Pesos (₱10,000.00) for personal and household effects and/or of the number of duty and tax-free appliances as provided for under this section, shall be subject to the corresponding duties and taxes provided under this Code.

For purposes of this section, the following words/phrases shall be understood to mean:

a. Overseas Contract Workers – Holders of valid passports duly issued by the Department of Foreign Affairs and certified by the Department of Labor and Employment/Philippine Overseas Employment Agency for overseas employment purposes. It covers all nationals working in a foreign country under employment contracts, including Middle East Contract Workers, entertainers, domestic helpers, regardless of their employment status in the foreign country.

b. Calendar Year – shall cover the period from January 1 to December 31.”

SECTION 2. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 3. This Executive Order shall take effect immediately.

Done in the City of Manila, this 30th day of June, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 207**  
**EXTENDING FRANKING PRIVILEGE TO THE SUPREME COURT**

WHEREAS, it is essential to provide the Supreme Court with all the necessary facilities to enable it to discharge its duties and functions promptly and with dispatch;

WHEREAS, the Supreme Court disburses a sizeable amount of its budgetary appropriation for postage stamps for mailing its official communications and papers;

WHEREAS, in the interest of expediting the sending of the Court's notices which cannot all be done by personal service due to the limited number of its process servers and facilities, it is necessary to extend franking privilege to the Supreme Court, in the same manner that the Court of Appeals and all other lower courts have been granted franking privilege;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. The Supreme Court may transmit thru ordinary mail and/or registered mail with return card, free of charge all official communications and papers directly connected with the conduct of judicial proceedings and/or its exercise of administrative supervision over lower courts and personnel thereof.

The envelope or wrapper of the privileged mail matter shall bear on the left upper corner "Supreme Court" together with its address and on the right upper corner, the words "Private or unauthorized use to avoid payment of postage is penalized by fine or imprisonment or both."

SEC. 2. The implementing rules and regulations promulgated by the Secretary of Transportation and Communications to carry out the franking privilege of the Court of Appeals and all other lower courts shall likewise apply to the franking privilege granted herein to the Supreme Court: Provided, That any person who uses the privilege granted hereunder for private or unauthorized purposes shall be punished by a fine of five hundred pesos or imprisonment of not more than three years, or both, at the discretion of the Court.

SEC. 3. This Executive Order shall take effect immediately.

Done in the City of Manila, this 1st day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 208**  
**CREATING THE CEBU UPLAND PROJECT OFFICE AND PROVIDING FUNDS THEREFOR**

WHEREAS, an upland development project on grant basis for the Province of Cebu has been agreed upon by the Government of the Federal Republic of Germany and the Republic of the Philippines on July 3, 1986;

WHEREAS, to pursue the objectives of the aforesaid project, a project office must be created;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Creation of the Cebu Upland Project Office.—There is hereby created a Cebu Upland Project Office, hereinafter referred to as the Project Office. The Project Office shall be attached to the Department of Environment and Natural Resources (DENR).

SECTION 2. Executive Committee.—The Project Office shall have an Executive Committee which shall be composed of the Governor of Cebu Province as Chairman, and the three municipal mayors of Alcoy, Boljoon and Oslob, the National Economic and Development Authority Regional Executive Director, the Department of Agriculture Regional Director, the Director of the Forest Management Bureau, the Department of Environment and Natural Resources Assistant Secretary for Foreign Assisted and Special Projects, the Project Director, the Gessellschaft fuer Technische Zusammenarbeit (GTZ) Team Leader and the Chairman of the Sangguniang Panlalawigan Committee on Finance and Appropriations of the Province of Cebu as members. All except the latter three are voting-members.

In case of the absence and/or incapacity of the Chairman, the majority of the voting members shall choose from among themselves the interim Chairman.

The Executive Committee shall have the following functions:

- (a) Develop and prescribe policies, and operating guidelines for planning, programming and implementation of the Project;
- (b) Appoint, discipline and remove personnel of the field staff of the Project Office;
- (c) Review and approve the annual work programs and budgets;
- (d) Subject to existing laws, rules and regulations, review and approve all consultancy contracts as well as memoranda of agreement with government implementing agencies to be entered into by the Project Director: Provided, That the final authority to enter into specific types of contracts shall be delegated to the Project Director;
- (e) Perform such other related functions and adopt measures as may be necessary to ensure the speedy and effective implementation of the project.

SECTION 3. Organization and Functions of the Project Office.—The Project Office shall be responsible for the implementation of the Project. Specifically it shall perform, among others, the following:

- 
- (a) Receive and manage financial contributions from cooperating agencies;
  - (b) Prepare a detailed plan of operation in accordance with the agreement set forth by the Government of the Federal Republic of Germany and the Republic of the Philippines and implement the same;
  - (c) Upgrade the capabilities of technical persons directly involved in development activities for the Project sites;
  - (d) Submit to the Executive Committee quarterly progress reports and special reports as required; and
  - (e) Perform such other related functions as may be necessary in carrying out the objectives of the Project.

SECTION 4. Project Director. – The Project Office shall be headed by a Project Director, to be appointed by the President upon recommendation of the Executive Committee, who is directly responsible to the Executive Committee and shall exercise the following:

- (a) Execute the policies, guidelines and decisions of the Executive Committee as well as implement those powers delegated to him by the Executive Committee;
- (b) Organize and manage the Project Office;
- (c) Appoint additional staff with work program duly approved by the Executive Committee;
- (d) Enter into and sign in behalf of the Project Office contracts with private and public entities in connection with the functions of the Project Office, including memoranda of agreement with pertinent government agencies, as approved by or under delegated authority from the Executive Committee;
- (e) Disburse and administer the funds of the Project Office based on the approved budget and work program and in accordance with pertinent laws and regulations;
- (f) Delegate some of his functions to subordinate officials of the Project Office especially to the Deputy Project Director as may be deemed expedient and necessary; and
- (g) Perform such other functions as may be authorized and directed by the Executive Committee.

The Project Director shall be assisted by a Deputy Project Director, who shall be appointed by the President, upon recommendation of the Executive Committee.

SECTION 5. Representation at the National Level. – At the national level, the Department of Environment and Natural Resources shall be the lead agency and shall coordinate all activities related to policy decisions at that level.

SECTION 6. Funding Contribution. – All financial contributions shall be given directly to the Project Office to be deposited in a Project Trust Fund which shall be created in pursuance of this Executive Order. The Philippine government counterpart funds will consist of the contributions of the Department of Environment and Natural Resources, the Department of Agriculture and the Province of Cebu as stated in the Memorandum of Agreement dated April 19, 1985.

For the succeeding fiscal years, its budgetary requirements shall be provided for in the General Appropriations Act in such amounts as shall be adequate for the purpose.

The Department of Environment and Natural Resources, in coordination with other concerned departments, shall take initiative for the issuance of a joint circular governing the funds flow mechanism to the Project Office and the management of such funds.

SECTION 7. Assistance from Government Agencies and Private Sector. – The Project Office is hereby authorized to call upon any department, government-owned or controlled corporation,

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or any instrumentality of the government for any assistance that may be required to ensure the accomplishment of its tasks and to receive donations and gratuities from any private sector agency/entity given for the implementation of the Project.

SECTION 8. Detail of Personnel. – Subject to the approval of the Executive Committee, the Project Director may call on the services of the technical experts and professionals from all branches of the government with the consent of the duly recognized head as the Project Office may need in the conduct of its activities. For this purpose, the Project Director is hereby authorized to reimburse detailed personnel of actual representation and/or transportation expenses incurred in connection with the performance of their duties at rates approved by the Executive Committee subject to applicable government accounting and auditing rules and regulations.

SECTION 9. Separability Clause. – Any portion of provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying the other provisions thereof: Provided, That such remaining portions can still stand and be given effect in their entirety to accomplish the objectives of this Executive Order.

SECTION 10. Effectivity. – This Executive Order shall take effect immediately.

Done in the City of Manila, this 1st day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). [*Executive Order Nos.: 171 - 390*]. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 209**  
**THE FAMILY CODE OF THE PHILIPPINES**

WHEREAS, almost four decades have passed since the adoption of the Civil Code of the Philippines;

WHEREAS, experience under said Code as well as pervasive changes and developments have necessitated revision of its provisions on marriage and family relations to bring them closer to Filipino customs, values and ideals and reflect contemporary trends and conditions;

WHEREAS, there is need to implement policies embodied in the new Constitution that strengthen marriage and the family as basic social institutions and ensure equality between men and women;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me, do hereby order and promulgate the Family Code of the Philippines, as follows:

**TITLE I**  
**MARRIAGE**

Chapter 1. Requisites of Marriage

Art. 1. Marriage is a special contract of permanent union between a man and a woman entered into in accordance with law for the establishment of conjugal and family life. It is the foundation of the family and an inviolable social institution whose nature, consequences, and incidents are governed by law and not subject to stipulation, except that marriage settlements may fix the property relations during the marriage within the limits provided by this Code. (52a)

Art. 2. No marriage shall be valid, unless these essential requisites are present:

- (1) Legal capacity of the contracting parties who must be a male and a female; and
- (2) Consent freely given in the presence of the solemnizing officer. (53a)

Art. 3. The formal requisites of marriage are:

- (1) Authority of the solemnizing officer;
- (2) A valid marriage license except in the cases provided for in Chapter 2 of this Title; and
- (3) A marriage ceremony which takes place with the appearance of the contracting parties before the solemnizing officer and their personal declaration that they take each other as husband and wife in the presence of not less than two witnesses of legal age. (53a, 55a)

Art. 4. The absence of any of the essential or formal requisites shall render the marriage void ab initio, except as stated in Article 35(2).

A defect in any of the essential requisites shall render the marriage voidable as provided in Article 45.

An irregularity in the formal requisites shall not affect the validity of the marriage but the party or parties responsible for the irregularity shall be civilly, criminally and administratively liable. (n)

Art. 5. Any male or female of the age of eighteen years or upwards not under any of the impediments mentioned in Articles 37 and 38, may contract marriage. (54a)

Art. 6. No prescribed form or religious rite for the solemnization of the marriage is required. It shall be necessary, however, for the contracting parties to appear personally before the solemnizing officer and declare in the presence of not less than two witnesses of legal age that they take each other as husband and wife. This declaration shall be contained in the marriage certificate which shall be signed by the contracting parties and their witnesses and attested by the solemnizing officer.

In case of a marriage in articulo mortis, when the party at the point of death is unable to sign the marriage certificate, it shall be sufficient for one of the witnesses to the marriage to write the name of said party, which fact shall be attested by the solemnizing officer. (55a)

Art. 7. Marriage may be solemnized by:

- (1) Any incumbent member of the judiciary within the court's jurisdiction;
- (2) Any priest, rabbi, imam, or minister of any church or religious sect duly authorized by his church or religious sect and registered with the civil registrar general, acting within the limits of the written authority granted him by his church or religious sect and provided that at least one of the contracting parties belongs to the solemnizing officer's church or religious sect;
- (3) Any ship captain or airplane chief only in the cases mentioned in Article 31;
- (4) Any military commander of a unit to which a chaplain is assigned, in the absence of the latter, during a military operation, likewise only in the cases mentioned in Article 32; or
- (5) Any consul-general, consul or vice-consul in the case provided in Article 10. (56a)

Art. 8. The marriage shall be solemnized publicly in the chambers of the judge or in open court, in the church, chapel or temple, or in the office of the consul-general, consul or vice-consul, as the case may be, and not elsewhere, except in cases of marriages contracted at the point of death or in remote places in accordance with Article 29 of this Code, or where both of the parties request the solemnizing officer in writing in which case the marriage may be solemnized at a house or place designated by them in a sworn statement to that effect. (57a)

Art. 9. A marriage license shall be issued by the local civil registrar of the city or municipality where either contracting party habitually resides, except in marriages where no license is required in accordance with Chapter 2 of this Title. (58a)

Art. 10. Marriages between Filipino citizens abroad may be solemnized by a consul-general, consul or vice-consul of the Republic of the Philippines. The issuance of the marriage license and the duties of the local civil registrar and of the solemnizing officer with regard to the celebration of marriage shall be performed by said consular official. (75a)

Art. 11. Where a marriage license is required, each of the contracting parties shall file separately a sworn application for such license with the proper local civil registrar which shall specify the following:

- (1) Full name of the contracting party;
- (2) Place of birth;
- (3) Age and date of birth;
- (4) Civil status;
- (5) If previously married, how, when and where the previous marriage was dissolved or annulled;
- (6) Present residence and citizenship;
- (7) Degree of relationship of the contracting parties;
- (8) Full name, residence and citizenship of the father;



- (9) Full name, residence and citizenship of the mother; and
- (10) Full name, residence and citizenship of the guardian or person having charge, in case the contracting party has neither father nor mother and is under the age of twenty-one years.

The applicants, their parents or guardians shall not be required to exhibit their residence certificates in any formality in connection with the securing of the marriage license. (59a)

Art. 12. The local civil registrar, upon receiving such application, shall require the presentation of the original birth certificates or, in default thereof, the baptismal certificates of the contracting parties or copies of such documents duly attested by the persons having custody of the originals. These certificates or certified copies of the documents required by this Article need not be sworn to and shall be exempt from the documentary stamp tax. The signature and official title of the person issuing the certificate shall be sufficient proof of its authenticity.

If either of the contracting parties is unable to produce his birth or baptismal certificate or a certified copy of either because of the destruction or loss of the original, or if it is shown by an affidavit of such party or of any other person that such birth or baptismal certificate has not yet been received though the same has been required of the person having custody thereof at least fifteen days prior to the date of the application, such party may furnish in lieu thereof his current residence certificate or an instrument drawn up and sworn to before the local civil registrar concerned or any public official authorized to administer oaths. Such instrument shall contain the sworn declaration of two witnesses of lawful age, setting forth the full name, residence and citizenship of such contracting party and of his or her parents, if known, and the place and date of birth of such party. The nearest of kin of the contracting parties shall be preferred as witnesses, or, in their default, persons of good reputation in the province or the locality.

The presentation of the birth or baptismal certificate shall not be required if the parents of the contracting parties appear personally before the local civil registrar concerned and swear to the correctness of the lawful age of said parties, as stated in the application, or when the local civil registrar shall, by merely looking at the applicants upon their personally appearing before him, be convinced that either or both of them have the required age. (60a)

Art. 13. In case either of the contracting parties has been previously married, the applicant shall be required to furnish, instead of the birth or baptismal certificate required in the last preceding article, the death certificate of the deceased spouse or the judicial decree of the absolute divorce, or the judicial decree of annulment or declaration of nullity of his or her previous marriage. In case the death certificate cannot be secured, the party shall make an affidavit setting forth this circumstance and his or her actual civil status and the name and date of death of the deceased spouse. (61a)

Art. 14. In case either or both of the contracting parties, not having been emancipated by a previous marriage, are between the ages of eighteen and twenty-one, they shall, in addition to the requirements of the preceding articles, exhibit to the local civil registrar, the consent to their marriage of their father, mother, surviving parent or guardian, or persons having legal charge of them, in the order mentioned. Such consent shall be manifested in writing by the interested party, who personally appears before the proper local civil registrar, or in the form of an affidavit made in the presence of two witnesses and attested before any official authorized by law to administer oaths. The personal manifestation shall be recorded in both applications for marriage license, and the affidavit, if one is executed instead, shall be attached to said applications. (61a)

Art. 15. Any contracting party between the age of twenty-one and twenty-five shall be obliged to ask their parents or guardian for advice upon the intended marriage. If they do not obtain such advice,

or if it be unfavorable, the marriage license shall not be issued till after three months following the completion of the publication of the application therefor. A sworn statement by the contracting parties to the effect that such advice has been sought, together with the written advice given, if any, shall be attached to the application for marriage license. Should the parents or guardian refuse to give any advice, this fact shall be stated in the sworn statement. (62a)

Art. 16. In the cases where parental consent or parental advice is needed, the party or parties concerned shall, in addition to the requirements of the preceding articles, attach a certificate issued by a priest, imam or minister authorized to solemnize marriage under Article 7 of this Code or a marriage counsellor duly accredited by the proper government agency to the effect that the contracting parties have undergone marriage counselling. Failure to attach said certificate of marriage counselling shall suspend the issuance of the marriage license for a period of three months from the completion of the publication of the application. Issuance of the marriage license within the prohibited period shall subject the issuing officer to administrative sanctions but shall not affect the validity of the marriage.

Should only one of the contracting parties need parental consent or parental advice, the other party must be present at the counselling referred to in the preceding paragraph. (n)

Art. 17. The local civil registrar shall prepare a notice which shall contain the full names and residences of the applicants for a marriage license and other data given in the applications. The notice shall be posted for ten consecutive days on a bulletin board outside the office of the local civil registrar located in a conspicuous place within the building and accessible to the general public. This notice shall request all persons having knowledge of any impediment to the marriage to advise the local civil registrar thereof. The marriage license shall be issued after the completion of the period of publication. (63a)

Art. 18. In case of any impediment known to the local civil registrar or brought to his attention, he shall note down the particulars thereof and his findings thereon in the application for a marriage license, but shall nonetheless issue said license after the completion of the period of publication, unless ordered otherwise by a competent court at his own instance or that of any interested party. No filing fee shall be charged for the petition nor a bond required for the issuance of the order. (64a)

Art. 19. The local civil registrar shall require the payment of the fees prescribed by law or regulations before the issuance of the marriage license. No other sum shall be collected in the nature of a fee or tax of any kind for the issuance of said license. It shall, however, be issued free of charge to indigent parties, that is, those who have no visible means of income or whose income is insufficient for their subsistence, a fact established by their affidavit or by their oath before the local civil registrar. (65a)

Art. 20. The license shall be valid in any part of the Philippines for a period of one hundred twenty days from the date of issue, and shall be deemed automatically cancelled at the expiration of said period if the contracting parties have not made use of it. The expiry date shall be stamped in bold characters on the face of every license issued. (65a)

Art. 21. When either or both of the contracting parties are citizens of a foreign country, it shall be necessary for them before a marriage license can be obtained, to submit a certificate of legal capacity to contract marriage, issued by their respective diplomatic or consular officials.

Stateless persons or refugees from other countries shall, in lieu of the certificate of legal capacity herein required, submit an affidavit stating the circumstances showing such capacity to contract marriage. (66a)

Art. 22. The marriage certificate, in which the parties shall declare that they take each other as husband and wife, shall also state:

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- (1) The full name, sex and age of each contracting party;
  - (2) Their citizenship, religion and habitual residence;
  - (3) The date and precise time of the celebration of the marriage;
  - (4) That the proper marriage license has been issued according to law, except in marriages provided for in Chapter 2 of this Title;
  - (5) That either or both of the contracting parties have secured the parental consent in appropriate cases;
  - (6) That either or both of the contracting parties have complied with the legal requirement regarding parental advice in appropriate cases; and
  - (7) That the parties have entered into marriage settlement, if any, attaching a copy thereof. (67a)

Art. 23. It shall be the duty of the person solemnizing the marriage to furnish either of the contracting parties the original of the marriage certificate referred to in Article 6 and to send the duplicate and triplicate copies of the certificate not later than fifteen days after the marriage, to the local civil registrar of the place where the marriage was solemnized. Proper receipts shall be issued by the local civil registrar to the solemnizing officer transmitting copies of the marriage certificate. The solemnizing officer shall retain in his file the quadruplicate copy of the marriage certificate, the original of the marriage license and, in proper cases, the affidavit of the contracting party regarding the solemnization of the marriage in a place other than those mentioned in Article 8. (68a)

Art. 24. It shall be the duty of the local civil registrar to prepare the documents required by this Title, and to administer oaths to all interested parties without any charge in both cases. The documents and affidavits filed in connection with applications for marriage licenses shall be exempt from documentary stamp tax. (n)

Art. 25. The local civil registrar concerned shall enter all applications for marriage licenses filed with him in a registry book strictly in the order in which the same are received. He shall record in said book the names of the applicants, the date on which the marriage license was issued, and such other data as may be necessary. (n)

Art. 26. All marriages solemnized outside the Philippines in accordance with the laws in force in the country where they were solemnized, and valid there as such, shall also be valid in this country, except those prohibited under Articles 35(1), (4), (5) and (6), 36, 37 and 38. (17a)

## Chapter 2. Marriages Exempt from the License Requirement

Art. 27. In case either or both of the contracting parties are at the point of death, the marriage may be solemnized without the necessity of a marriage license and shall remain valid even if the ailing party subsequently survives. (72a)

Art. 28. If the residence of either party is so located that there is no means of transportation to enable such party to appear personally before the local civil registrar, the marriage may be solemnized without the necessity of a marriage license. (72a)

Art. 29. In the cases provided for in the two preceding articles, the solemnizing officer shall state in an affidavit executed before the local civil registrar or any other person legally authorized to administer oaths that the marriage was performed in articulo mortis or that the residence of either party, specifying the barrio or barangay, is so located that there is no means of transportation to enable such party to appear personally before the local civil registrar and that the officer took the necessary steps to ascertain the ages and relationship of the contracting parties and the absence of a legal impediment to the marriage. (72a)

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Art. 30. The original of the affidavit required in the last preceding article, together with a legible copy of the marriage contract, shall be sent by the person solemnizing the marriage to the local civil registrar of the municipality where it was performed within the period of thirty days after the performance of the marriage. (73a)

Art. 31. A marriage in articulo mortis between passengers or crew members may also be solemnized by a ship captain or by an airplane pilot not only while the ship is at sea or the plane is in flight, but also during stopovers at ports of call. (74a)

Art. 32. A military commander of a unit who is a commissioned officer, shall likewise have authority to solemnize marriages in articulo mortis between persons within the zone of military operation, whether members of the armed forces or civilians. (74a)

Art. 33. Marriages among Muslims or among members of the ethnic cultural communities may be performed validly without the necessity of a marriage license, provided that they are solemnized in accordance with their customs, rites or practices. (78a)

Art. 34. No license shall be necessary for the marriage of a man and a woman who have lived together as husband and wife for at least five years and without any legal impediment to marry each other. The contracting parties shall state the foregoing facts in an affidavit before any person authorized by law to administer oaths. The solemnizing officer shall also state under oath that he ascertained the qualifications of the contracting parties and found no legal impediment to the marriage. (76a)

### Chapter 3. Void and Voidable Marriages

Art. 35. The following marriages shall be void from the beginning:

- (1) Those contracted by any party below eighteen years of age even with the consent of parents or guardians;
- (2) Those solemnized by any person not legally authorized to perform marriages unless such marriages were contracted with either or both parties believing in good faith that the solemnizing officer had the legal authority to do so;
- (3) Those solemnized without a license, except those covered by the preceding Chapter;
- (4) Those bigamous or polygamous marriages not falling under Article 41;
- (5) Those contracted through mistake of one contracting party as to the identity of the other; and
- (6) Those subsequent marriages that are void under Article 53.

Art. 36. A marriage contracted by any party who, at the time of the celebration, was psychologically incapacitated to comply with the essential marital obligations of marriage, shall likewise be void even if such incapacity becomes manifest only after its solemnization.

The action for declaration of nullity of the marriage under this Article shall prescribe in ten years after its celebration. (n)

Art. 37. Marriages between the following are incestuous and void from the beginning, whether the relationship between the parties be legitimate or illegitimate:

- (1) Between ascendants and descendants of any degree; and
- (2) Between brothers and sisters, whether of the full- or half-blood. (81a)

Art. 38. The following marriages shall be void from the beginning for reasons of public policy:

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- (1) Between collateral blood relatives, whether legitimate or illegitimate, up to the fourth civil degree;
  - (2) Between step-parents and step-children;
  - (3) Between parents-in-law and children-in-law;
  - (4) Between the adopting parent and the adopted child;
  - (5) Between the surviving spouse of the adopting parent and the adopted child;
  - (6) Between the surviving spouse of the adopted child and the adopter;
  - (7) Between an adopted child and a legitimate child of the adopter;
  - (8) Between adopted children of the same adopter; and
  - (9) Between parties where one, with the intention to marry the other, killed that other person's spouse or his or her own spouse. (82a)

Art. 39. The action or defense for the declaration of absolute nullity of a marriage shall not prescribe except as provided in Article 36. (n)

Art. 40. The absolute nullity of a previous marriage may be invoked for purposes of remarriage on the basis solely of a final judgment declaring such previous marriage void. (n)

Art. 41. A marriage contracted by any person during the subsistence of a previous marriage shall be null and void, unless before the celebration of the subsequent marriage, the prior spouse had been absent for four consecutive years and the spouse present has a well-founded belief that the absent spouse was already dead. In case of disappearance where there is danger of death under the circumstances set forth in the provisions of Article 391 of the Civil Code, an absence of only two years shall be sufficient.

For the purpose of contracting the subsequent marriage under the preceding paragraph, the spouse present must institute a summary proceeding as provided in this Code for the declaration of presumptive death of the absentee, without prejudice to the effect of reappearance of the absent spouse. (83a)

Art. 42. The subsequent marriage referred to in the preceding Article shall be automatically terminated by the recording of the affidavit of reappearance of the absent spouse, unless there is a judgment annulling the previous marriage or declaring it void ab initio.

A sworn statement of the fact and circumstances of reappearance shall be recorded in the civil registry of the residence of the parties to the subsequent marriage at the instance of any interested person, with due notice to the spouses of the subsequent marriage and without prejudice to the fact of reappearance being judicially determined in case such fact is disputed. (n)

Art. 43. The termination of the subsequent marriage referred to in the preceding Article shall produce the following effects:

- (1) The children of the subsequent marriage conceived prior to its termination shall be considered legitimate, and their custody and support in case of dispute shall be decided by the court in a proper proceeding;

- (2) The absolute community of property or the conjugal partnership, as the case may be, shall be dissolved and liquidated, but if either spouse contracted said marriage in bad faith, his or her share of the net profits of the community property or conjugal partnership property shall be forfeited in favor of the common children or, if there are none, the children of the guilty spouse by a previous marriage or, in default of children, the innocent spouse;

(3) Donations by reason of marriage shall remain valid, except that if the donee contracted the marriage in bad faith, such donations made to said donee are revoked by operation of law;

(4) The innocent spouse may revoke the designation of the other spouse who acted in bad faith as a beneficiary in any insurance policy, even if such designation be stipulated as irrevocable; and

(5) The spouse who contracted the subsequent marriage in bad faith shall be disqualified to inherit from the innocent spouse by testate and intestate succession. (n)

Art. 44. If both spouses of the subsequent marriage acted in bad faith, said marriage shall be void ab initio and all donations by reason of marriage and testamentary dispositions made by one in favor of the other are revoked by operation of law. (n)

Art. 45. A marriage may be annulled for any of the following causes, existing at the time of the marriage:

(1) That the party in whose behalf it is sought to have the marriage annulled was eighteen years of age or over but below twenty-one, and the marriage was solemnized without the consent of the parents, guardian or person having substitute parental authority over the party, in that order, unless after attaining the age of twenty-one, such party freely cohabited with the other and both lived together as husband and wife;

(2) That either party was of unsound mind, unless such party, after coming to reason, freely cohabited with the other as husband and wife;

(3) That the consent of either party was obtained by fraud, unless such party afterwards, with full knowledge of the facts constituting the fraud, freely cohabited with the other as husband and wife;

(4) That the consent of either party was obtained by force, intimidation or undue influence, unless the same having disappeared or ceased, such party thereafter freely cohabited with the other as husband and wife;

(5) That either party was physically incapable of consummating the marriage with the other, and such incapacity continues and appears to be incurable; or

(6) That either party was afflicted with a sexually-transmissible disease found to be serious and appears to be incurable. (85a)

Art. 46. Any of the following circumstances shall constitute fraud referred to in number 3 of the preceding Article:

(1) Non-disclosure of a previous conviction by final judgment of the other party of a crime involving moral turpitude;

(2) Concealment by the wife of the fact that at the time of the marriage, she was pregnant by a man other than her husband;

(3) Concealment of a sexually transmissible disease, regardless of its nature, existing at the time of the marriage; or

(4) Concealment of drug addiction, habitual alcoholism, or homosexuality or lesbianism existing at the time of the marriage.

No other misrepresentation or deceit as to character, health, rank, fortune or chastity shall constitute such fraud as will give grounds for action for the annulment of marriage. (86a)

Art. 47. The action for annulment of marriage must be filed by the following persons and within the periods indicated herein:



(1) For causes mentioned in number 1 of Article 45, by the party whose parent or guardian did not give his or her consent, within five years after attaining the age of twenty-one; or by the parent or guardian or person having legal charge of the minor, at any time before such party reaches the age of twenty-one;

(2) For causes mentioned in number 2 of Article 45, by the same spouse who had no knowledge of the other's insanity; by any relative, guardian or person having legal charge of the insane, at any time before the death of either party; or by the insane spouse during a lucid interval or after regaining sanity;

(3) For causes mentioned in number 3 of Article 45, by the injured party, within five years after the discovery of the fraud;

(4) For causes mentioned in number 4 of Article 45, by the injured party, within five years from the time the force, intimidation or undue influence disappeared or ceased;

(5) For causes mentioned in number 5 and 6 of Article 45, by the injured party, within five years after the marriage. (87a)

Art. 48. In all cases of annulment or declaration of absolute nullity of marriage, the court shall order the prosecuting attorney or fiscal assigned to it to appear on behalf of the State to take steps to prevent collusion between the parties and to take care that evidence is not fabricated or suppressed.

In the cases referred to in the preceding paragraph, no judgment shall be based upon a stipulation of facts or confession of judgment. (88a)

Art. 49. During the pendency of the action and in the absence of adequate provisions in a written agreement between the spouses, the court shall provide for the support of the spouses and the custody and support of their common children. The court shall give paramount consideration to the moral and material welfare of said children and their choice of the parent with whom they wish to remain as provided to in Title IX. It shall also provide for appropriate visitation rights of the other parent. (n)

Art. 50. The effects provided for by paragraphs (2), (3), (4) and (5) of Article 43 and in Article 44 shall also apply in proper cases to marriages which are declared void ab initio or annulled by final judgment under Articles 40 and 45.

The final judgment in such cases shall provide for the liquidation, partition and distribution of the properties of the spouses, the custody and support of the common children, and the delivery of their presumptive legitimes, unless such matters had been adjudicated in previous judicial proceedings.

All creditors of the spouses as well as of the absolute community or the conjugal partnership shall be notified of the proceedings for liquidation.

In the partition, the conjugal dwelling and the lot on which it is situated, shall be adjudicated in accordance with the provisions of Articles 102 and 129.

Art. 51. In said partition, the value of the presumptive legitimes of all common children, computed as of the date of the final judgment of the trial court, shall be delivered in cash, property or sound securities, unless the parties, by mutual agreement judicially approved, had already provided for such matters.

The children or their guardian, or the trustee of their property, may ask for the enforcement of the judgment.

The delivery of the presumptive legitimes herein prescribed shall in no way prejudice the ultimate successional rights of the children accruing upon the death of either of both of the parents; but the value of the properties already received under the decree of annulment or absolute nullity shall be considered as advances on their legitime. (n)

Art. 52. The judgment of annulment or of absolute nullity of the marriage, the partition and distribution of the properties of the spouses, and the delivery of the children's presumptive legitimes shall be recorded in the appropriate civil registry and registries of property; otherwise, the same shall not affect third persons. (n)

Art. 53. Either of the former spouses may marry again after complying with the requirements of the immediately preceding Article; otherwise, the subsequent marriage shall be null and void.

Art. 54. Children conceived or born before the judgment of annulment or absolute nullity of the marriage under Article 36 has become final and executor, shall be considered legitimate. Children conceived or born of the subsequent marriage under Article 53 shall likewise be legitimate.

## TITLE II LEGAL SEPARATION

Art. 55. A petition for legal separation may be filed on any of the following grounds:

- (1) Repeated physical violence or grossly abusive conduct directed against the petitioner, a common child, or a child of the petitioner;
- (2) Physical violence or moral pressure to compel the petitioner to change religious or political affiliation;
- (3) Attempt of respondent to corrupt or induce the petitioner, a common child, or a child of the petitioner, to engage in prostitution, or connivance in such corruption or inducement;
- (4) Final judgment sentencing the respondent to imprisonment of more than six years, even if pardoned;
- (5) Drug addiction or habitual alcoholism of the respondent;
- (6) Lesbianism or homosexuality of the respondent;
- (7) Contracting by the respondent of a subsequent bigamous marriage, whether in the Philippines or abroad;
- (8) Sexual infidelity or perversion;
- (9) Attempt by the respondent against the life of the petitioner; or
- (10) Abandonment of petitioner by respondent without justifiable cause for more than one year.

For purposes of this Article, the term "child" shall include a child by nature or by adoption. (97a)

Art. 56. The petition for legal separation shall be denied on any of the following grounds:

- (1) Where the aggrieved party has condoned the offense or act complained of;
- (2) Where the aggrieved party has consented to the commission of the offense or act complained of;
- (3) Where there is connivance between the parties in the commission of the offense or act constituting the ground for legal separation;
- (4) Where both parties have given ground for legal separation;
- (5) Where there is collusion between the parties to obtain the decree of legal separation; or
- (6) Where the action is barred by prescription. (100a)

Art. 57. An action for legal separation shall be filed within five years from the time of the occurrence of the cause. (102a)



Art. 58. An action for legal separation shall in no case be tried before six months shall have elapsed since the filing of the petition. (103)

Art. 59. No legal separation may be decreed unless the court has taken steps toward the reconciliation of the spouses and is fully satisfied, despite such efforts, that reconciliation is highly improbable. (n)

Art. 60. No decree of legal separation shall be based upon a stipulation of facts or a confession of judgment.

In any case, the court shall order the prosecuting attorney or fiscal assigned to it to take steps to prevent collusion between the parties and to take care that the evidence is not fabricated or suppressed. (101a)

Art. 61. After the filing of the petition for legal separation, the spouses shall be entitled to live separately from each other.

The court, in the absence of a written agreement between the spouses, shall designate either of them or a third person to administer the absolute community or conjugal partnership property. The administrator appointed by the court shall have the same powers and duties as those of a guardian under the Rules of Court. (104a)

Art. 62. During the pendency of the action for legal separation, the provisions of Article 49 shall likewise apply to the support of the spouses and the custody and support of the common children. (105a)

Art. 63. The decree of legal separation shall have the following effects:

(1) The spouses shall be entitled to live separately from each other, but the marriage bonds shall not be severed;

(2) The absolute community or the conjugal partnership shall be dissolved and liquidated but the offending spouse shall have no right to any share of the net profits earned by the absolute community or the conjugal partnership, which shall be forfeited in accordance with the provisions of Article 43(2);

(3) The custody of the minor children shall be awarded to the innocent spouse, subject to the provisions of Article 213 of this Code; and

(4) The offending spouse shall be disqualified from inheriting from the innocent spouse by intestate succession. Moreover, provisions in favor of the offending spouse made in the will of the innocent spouse shall be revoked by operation of law. (106a)

Art. 64. After the finality of the decree of legal separation, the innocent spouse may revoke the donations made by him or by her in favor of the offending spouse, as well as the designation of the latter as beneficiary in any insurance policy, even if such designation be stipulated as irrevocable. The revocation of the donations shall be recorded in the registries of property in the places where the properties are located. Alienations, liens and encumbrances registered in good faith before the recording of the complaint for revocation in the registries of property shall be respected. The revocation of or change in the designation of the insurance beneficiary shall take effect upon written notification thereof to the insured.

The action to revoke the donation under this Article must be brought within five years from the time the decree of legal separation become final. (107a)

Art. 65. If the spouses should reconcile, a corresponding joint manifestation under oath duly signed by them shall be filed with the court in the same proceeding for legal separation. (n)

Art. 66. The reconciliation referred to in the preceding Article shall have the following consequences:

(1) The legal separation proceedings, if still pending, shall thereby be terminated in whatever stage; and

(2) The final decree of legal separation shall be set aside, but the separation of property and any forfeiture of the share of the guilty spouse already effected shall subsist, unless the spouses agree to revive their former property regime.

The court order containing the foregoing shall be recorded in the proper civil registries. (108a)

Art. 67. The agreement to revive the former property regime referred to in the preceding Article shall be executed under oath and shall specify:

- (1) The properties to be contributed anew to the restored regime;
- (2) Those to be retained as separated properties of each spouse; and
- (3) The names of all their known creditors, their addresses and the amounts owing to each.

The agreement of revival and the motion for its approval shall be filed with the court in the same proceeding for legal separation, with copies of both furnished to the creditors named therein. After due hearing, the court shall, in its order, take measures to protect the interest of creditors and such order shall be recorded in the proper registries of property.

The recording of the order in the registries of property shall not prejudice any creditor not listed or not notified, unless the debtor-spouse has sufficient separate properties to satisfy the creditor's claim. (195a, 108a)

### TITLE III

#### RIGHTS AND OBLIGATIONS BETWEEN HUSBAND AND WIFE

Art. 68. The husband and wife are obliged to live together, observe mutual love, respect and fidelity, and render mutual help and support. (109a)

Art. 69. The husband and wife shall fix the family domicile. In case of disagreement, the court shall decide.

The court may exempt one spouse from living with the other if the latter should live abroad or there are other valid and compelling reasons for the exemption. However, such exemption shall not apply if the same is not compatible with the solidarity of the family. (110a)

Art. 70. The spouses are jointly responsible for the support of the family. The expenses for such support and other conjugal obligations shall be paid from the community property and, in the absence thereof, from the income or fruits of their separate properties. In case of insufficiency or absence of said income or fruits, such obligations shall be satisfied from their separate properties. (111a)

Art. 71. The management of the household shall be the right and duty of both spouses. The expenses for such management shall be paid in accordance with the provisions of Article 70. (115a)

Art. 72. When one of the spouses neglects his or her duties to the conjugal union or commits acts which tend to bring danger, dishonor or injury to the other or to the family, the aggrieved party may apply to the court for relief. (116a)

Art. 73. Either spouse may exercise any legitimate profession, occupation, business or activity without the consent of the other. The latter may object only on valid, serious, and moral grounds.

In case of disagreement, the court shall decide whether or not:

- (1) The objection is proper, and
- (2) Benefit has accrued to the family prior to the objection or thereafter. If the benefit accrued prior to the objection, the resulting obligation shall be enforced against the separate property of the spouse who has not obtained consent.

The foregoing provisions shall not prejudice the rights of creditors who acted in good faith. (117a)

#### TITLE IV PROPERTY RELATIONS BETWEEN HUSBAND AND WIFE

##### Chapter 1. General Provisions

Art. 74. The property relations between husband and wife shall be governed in the following order:

- (1) By marriage settlements executed before the marriage;
- (2) By the provisions of this Code; and
- (3) By the local customs. (118)

Art. 75. The future spouses may, in the marriage settlements, agree upon the regime of absolute community, conjugal partnership of gains, complete separation of property, or any other regime. In the absence of marriage settlements, or when the regime agreed upon is void, the system of absolute community of property as established in this Code shall govern. (119a)

Art. 76. In order that any modification in the marriage settlements may be valid, it must be made before the celebration of the marriage, subject to the provisions of Articles 66, 67, 128, 135 and 136. (121)

Art. 77. The marriage settlements and any modification thereof shall be in writing, signed by the parties and executed before the celebration of the marriage. They shall not prejudice third persons unless they are registered in the local civil registry where the marriage contract is recorded as well as in the proper registries of property. (122a)

Art. 78. A minor who according to law may contract marriage may also enter into marriage settlements, but they shall be valid only if the persons designated in Article 14 to give consent to the marriage are made parties to the agreement, subject to the provisions of Title IX of this Code. (120a)

Art. 79. For the validity of any marriage settlement executed by a person upon whom a sentence of civil interdiction has been pronounced or who is subject to any other disability, it shall be indispensable for the guardian appointed by a competent court to be made a party thereto. (123a)

Art. 80. In the absence of a contrary stipulation in the marriage settlements, the property relations of the spouses shall be governed by Philippine laws, regardless of the place of the celebration of the marriage and their residence.

This rule shall not apply:

- (1) Where both spouses are aliens;
- (2) With respect to the extrinsic validity of contracts affecting property not situated in the Philippines and executed in the country where the property is located; and
- (3) With respect to the extrinsic validity of contracts entered into in the Philippines but affecting property situated in a foreign country whose laws require different formalities for their extrinsic validity. (124a)

Art. 81. Everything stipulated in the settlements or contracts referred to in the preceding articles in consideration of a future marriage, including donations between the prospective spouses made therein, shall be rendered void if the marriage does not take place. However, stipulations that do not depend upon the celebration of the marriage shall be valid. (125a)

## Chapter 2. Donations by Reason of Marriage

Art. 82. Donations by reason of marriage are those which are made before its celebration, in consideration of the same, and in favor of one or both of the future spouses. (126)

Art. 83. These donations are governed by the rules on ordinary donations established in Title III of Book III of the Civil Code, insofar as they are not modified by the following articles. (127a)

Art. 84. If the future spouses agree upon a regime other than the absolute community of property, they cannot donate to each other in their marriage settlements more than one-fifth of their present property. Any excess shall be considered void.

Donations of future property shall be governed by the provisions on testamentary succession and the formalities of wills. (130a)

Art. 85. Donations by reason of marriage of property subject to encumbrances shall be valid. In case of foreclosure of the encumbrance and the property is sold for less than the total amount of the obligation secured, the donee shall not be liable for the deficiency. If the property is sold for more than the total amount of said obligation, the donee shall be entitled to the excess. (131a)

Art. 86. A donation by reason of marriage may be revoked by the donor in the following cases:

(1) If the marriage is not celebrated or judicially declared void ab initio except donations made in the marriage settlements, which shall be governed by Article 81;

(2) When the marriage takes place without the consent of the parents or guardian as required by law;

(3) When the marriage is annulled, and the donee acted in bad faith;

(4) Upon legal separation, the donee being the guilty spouse;

(5) If it is with a resolutive condition and the condition is complied with;

(6) When the donee has committed an act of ingratitude as specified by the provisions of the Civil Code on donations in general. (132a)

Art. 87. Every donation or grant of gratuitous advantage, direct or indirect, between the spouses during the marriage shall be void, except moderate gifts which the spouses may give each other on the occasion of any family rejoicing. The prohibition shall also apply to persons living together as husband and wife without a valid marriage. (133a)

## Chapter 3. System of Absolute Community

### Section 1. General Provisions

Art. 88. The absolute community of property between spouses shall commence at the precise moment that the marriage is celebrated. Any stipulation, express or implied, for the commencement of the community regime at any other time shall be void. (145a)

Art. 89. No waiver of rights, interests, shares and effects of the absolute community of property during the marriage can be made except in case of judicial separation of property.

When the waiver takes place upon a judicial separation of property, or after the marriage has been dissolved or annulled, the same shall appear in a public instrument and shall be recorded as provided in Article 77. The creditors of the spouse who made such waiver may petition the court to rescind the waiver to the extent of the amount sufficient to cover the amount of their credits. (146a)

Art. 90. The provisions on co-ownership shall apply to the absolute community of property between the spouses in all matters not provided for in this Chapter. (n)

## Section 2. What Constitutes Community Property

Art. 91. Unless otherwise provided in this Chapter or in the marriage settlements, the community property shall consist of all the property owned by the spouses at the time of the celebration of the marriage or acquired thereafter. (199a)

Art. 92. The following shall be excluded from the community property:

(1) Property acquired during the marriage by gratuitous title by either spouse, and the fruits as well as the income thereof, if any, unless it is expressly provided by the donor, testator or grantor that they shall form part of the community property;

(2) Property for personal and exclusive use of either spouse; however, jewelry shall form part of the community property;

(3) Property acquired before the marriage by either spouse who has legitimate descendants by a former marriage, and the fruits as well as the income, if any, of such property. (201a)

Art. 93. Property acquired during the marriage is presumed to belong to the community, unless it is proved that it is one of those excluded therefrom. (160a)

## Section 3. Charges Upon and Obligations of the Absolute Community

Art. 94. The absolute community of property shall be liable for:

(1) The support of the spouses, their common children, and legitimate children of either spouse; however, the support of illegitimate children shall be governed by the provisions of this Code on Support;

(2) All debts and obligations contracted during the marriage by the designated administrator-spouse for the benefit of the community, or by both spouses, or by one spouse with the consent of the other;

(3) Debts and obligations contracted by either spouse without the consent of the other to the extent that the family may have been benefited;

(4) All taxes, liens, charges and expenses, including major or minor repairs, upon the community property;

(5) All taxes and expenses for mere preservation made during marriage upon the separate property of either spouse used by the family;

(6) Expenses to enable either spouse to commence or complete a professional or vocational course, or other activity for self-improvement;

(7) Antenuptial debts of either spouse insofar as they have redounded to the benefit of the family;

(8) The value of what is donated or promised by both spouses in favor of their common legitimate children for the exclusive purpose of commencing or completing a professional or vocational course or other activity for self-improvement;

(9) Antenuptial debts of either spouse other than those falling under paragraph (7) of this Article, the support of illegitimate children of either spouse, and liabilities incurred by either spouse by reason of a crime or a quasi-delict, in case of absence or insufficiency of the exclusive property of the debtor-spouse, the payment of which shall be considered as advances to be deducted from the share of the debtor-spouse upon liquidation of the community; and

(10) Expenses of litigation between the spouses unless the suit is found to be groundless.

If the community property is insufficient to cover the foregoing liabilities, except those falling under paragraph (9), the spouses shall be solidarily liable for the unpaid balance with their separate properties. (161a, 162a, 163a, 202a-205a)

Art. 95. Whatever may be lost during the marriage in any game of chance, betting, sweepstakes, or any other kind of gambling, whether permitted or prohibited by law, shall be borne by the loser and shall not be charged to the community but any winnings therefrom shall form part of the community property. (164a)

#### Section 4. Ownership, Administrative, Enjoyment and Disposition of the Community Property

Art. 96. The administration and enjoyment of the community property shall belong to both spouses jointly. In case of disagreement, the husband's decision shall prevail, subject to recourse to the court by the wife for a proper remedy, which must be availed of within five years from the date of the contract implementing such decision.

In the event that one spouse is incapacitated or otherwise unable to participate in the administration of the common properties, the other spouse may assume sole powers of administration. These powers do not include the powers of disposition or encumbrance which must have the authority of the court or the written consent of the other spouse. In the absence of such authority or consent, the disposition or encumbrance shall be void. However, the transaction shall be construed as a continuing offer on the part of the consenting spouse and the third person, and may be perfected as a binding contract upon the acceptance by the other spouse or authorization by the court before the offer is withdrawn by either or both offerors. (206a)

Art. 97. Either spouse may dispose by will of his or her interest in the community property. (n)

Art. 98. Neither spouse may donate any community property without the consent of the other. However, either spouse may, without the consent of the other, make moderate donations from the community property for charity or on occasions of family rejoicing or family distress. (n)

#### Section 5. Dissolution of Absolute Community Regime

Art. 99. The absolute community terminates:

- (1) Upon the death of either spouse;
- (2) When there is a decree of legal separation;
- (3) When the marriage is annulled or declared void; or
- (4) In case of judicial separation of property during the marriage under Articles 134 to 138. (175a)

Art. 100. The separation in fact between husband and wife shall not affect the regime of absolute community except that:

(1) The spouse who leaves the conjugal home or refuses to live therein, without just cause, shall not have the right to be supported;

(2) When the consent of one spouse to any transaction of the other is required by law, judicial authorization shall be obtained in a summary proceeding;

(3) In the absence of sufficient community property, the separate property of both spouses shall be solidarily liable for the support of the family. The spouse present shall, upon proper petition in a summary proceeding, be given judicial authority to administer or encumber any specific separate property of the other spouse and use the fruits or proceeds thereof to satisfy the latter's share. (178a)

Art. 101. If a spouse without just cause abandons the other or fails to comply with his or her obligations to the family, the aggrieved spouse may petition the court for receivership, for judicial separation of property or for authority to be the sole administrator of the absolute community, subject to such precautionary conditions as the court may impose.

The obligations to the family mentioned in the preceding paragraph refer to marital, parental or property relations.

A spouse is deemed to have abandoned the other when he or she has left the conjugal dwelling without any intention of returning. The spouse who has left the conjugal dwelling for a period of three months or has failed within the same period to give any information as to his or her whereabouts shall be prima facie presumed to have no intention of returning to the conjugal dwelling. (178a)

#### Section 6. Liquidation of the Absolute Community Assets and Liabilities

Art. 102. Upon dissolution of the absolute community regime, the following procedure shall apply:

(1) An inventory shall be prepared, listing separately all the properties of the absolute community and the exclusive properties of each spouse.

(2) The debts and obligations of the absolute community shall be paid out of its assets. In case of insufficiency of said assets, the spouses shall be solidarily liable for the unpaid balance with their separate properties in accordance with the provisions of the second paragraph of Article 94.

(3) Whatever remains of the exclusive properties of the spouses shall thereafter be delivered to each of them.

(4) The net remainder of the properties of the absolute community shall constitute its net assets, which shall be divided equally between husband and wife, unless a different proportion or division was agreed upon in the marriage settlements, or unless there has been a voluntary waiver of such share as provided in this Code. For purposes of computing the net profits subject to forfeiture in accordance with Articles 43, No. (2) and 63, No. (2), the said profits shall be the increase in value between the market value of the community property at the time of the celebration of the marriage and the market value at the time of its dissolution.

(5) The presumptive legitimes of the common children shall be delivered upon partition, in accordance with Article 51.

(6) Unless otherwise agreed upon by the parties, in the partition of the properties, the conjugal dwelling and the lot on which it is situated shall be adjudicated to the spouse with whom the majority of the common children choose to remain. Children below the age of seven years are deemed to have chosen the mother, unless the court has decided otherwise. In case there is no such majority, the court shall decide, taking into consideration the best interests of said children. (n)



Art. 103. Upon the termination of the marriage by death, the community property shall be liquidated in the same proceeding for the settlement of the estate of the deceased.

If no judicial settlement proceeding is instituted, the surviving spouse shall liquidate the community property either judicially or extra-judicially within one year from the death of the deceased spouse. If upon the lapse of the one year period, no liquidation is made, any disposition or encumbrance involving the community property of the terminated marriage shall be void.

Should the surviving spouse contract a subsequent marriage without complying with the foregoing requirements, a mandatory regime of complete separation of property shall govern the property relations of the subsequent marriage. (n)

Art. 104. Whenever the liquidation of the community properties of two or more marriages contracted by the same person before the effectivity of this Code is carried out simultaneously, the respective capital, fruits and income of each community shall be determined upon such proof as may be considered according to the rules of evidence. In case of doubt as to which community the existing properties belong, the same shall be divided between or among the different communities in proportion to the capital and duration of each. (189a)

#### Chapter 4. Conjugal Partnership of Gains

##### Section 1. General Provisions

Art. 105. In case the future spouses agree in the marriage settlements that the regime of conjugal partnership of gains shall govern their property relations during marriage, the provisions in this Chapter shall be of supplementary application.

The provisions of this Chapter shall also apply to conjugal partnerships of gains already established between spouses before the effectivity of this Code, without prejudice to vested rights already acquired in accordance with the Civil Code or other laws, as provided in Article 255. (n)

Art. 106. Under the regime of conjugal partnership of gains, the husband and wife place in a common fund the proceeds, products, fruits and income from their separate properties and those acquired by either or both spouses through their efforts or by chance, and, upon dissolution of the marriage or of the partnership, the net gains or benefits obtained by either or both spouses shall be divided equally between them, unless otherwise agreed in the marriage settlements. (142a)

Art. 107. The rules provided in Articles 88 and 89 shall also apply to conjugal partnership of gains. (n)

Art. 108. The conjugal partnership shall be governed by the rules on the contract of partnership in all that is not in conflict with what is expressly determined in this Chapter or by the spouses in their marriage settlements. (147a)

##### Section 2. Exclusive Property of Each Spouse

Art. 109. The following shall be the exclusive property of each spouse:

- (1) That which is brought to the marriage as his or her own;
- (2) That which each acquires during the marriage by gratuitous title;
- (3) That which is acquired by right of redemption, by barter or by exchange with property belonging to only one of the spouses; and
- (4) That which is purchased with exclusive money of the wife or of the husband. (148a)



Art. 110. The spouses retain the ownership, possession, administration and enjoyment of their exclusive properties.

Either spouse may, during the marriage, transfer the administration of his or her exclusive property to the other by means of a public instrument, which shall be recorded in the registry of property of the place where the property is located. (137a, 168a, 169a)

Art. 111. A spouse of age may mortgage, encumber, alienate or otherwise dispose of his or her exclusive property, without the consent of the other spouse, and appear alone in court to litigate with regard to the same. (n)

Art. 112. The alienation of any exclusive property of a spouse administered by the other automatically terminates the administration over such property and the proceeds of the alienation shall be turned over to the owner-spouse. (n)

Art. 113. Property donated or left by will to the spouses, jointly and with designation of determinate shares, shall pertain to the donee-spouse as his or her own exclusive property, and in the absence of designation, share and share alike, without prejudice to the right of accretion when proper. (150a)

Art. 114. If the donations are onerous, the amount of the charges shall be borne by the exclusive property of the done-spouse, whenever they have been advanced by the conjugal partnership of gains. (151a)

Art. 115. Retirement benefits, pensions, annuities, gratuities, usufructs and similar benefits shall be governed by the rules on gratuitous or onerous acquisitions as may be proper in each case. (n)

### Section 3. Conjugal Partnership Property

Art. 116. All property acquired during the marriage, whether the acquisition appears to have been made, contracted or registered in the name of one or both spouses, is presumed to be conjugal unless the contrary is proved. (160a)

Art. 117. The following are conjugal partnership properties:

- (1) Those acquired by onerous title during the marriage at the expense of the common fund, whether the acquisition be for the partnership, or for only one of the spouses;
- (2) Those obtained from the labor, industry, work or profession of either or both of the spouses;
- (3) The fruits, natural, industrial, or civil, due or received during the marriage from the common property, as well as the net fruits from the exclusive property of each spouse;
- (4) The share of either spouse in the hidden treasure which the law awards to the finder or owner of the property where the treasure is found;
- (5) Those acquired through occupation such as fishing or hunting;
- (6) Livestock existing upon the dissolution of the partnership in excess of the number of each kind brought to the marriage by either spouse; and
- (7) Those which are acquired by chance, such as winnings from gambling or betting. However, losses therefrom shall be borne exclusively by the loser-spouse. (153a, 154, 155, 159)

Art. 118. Property bought on installments paid partly from exclusive funds of either or both spouses and partly from conjugal funds belongs to the buyer or buyers if full ownership was vested before the marriage and to the conjugal partnership if such ownership was vested during the marriage. In either case, any amount advanced by the partnership or by either or both spouses shall be reimbursed by the owner or owners upon liquidation of the partnership. (n)

Art. 119. Whenever an amount or credit payable within a period of time belongs to one of the spouses, the sums which may be collected during the marriage in partial payments or by installments on the principal shall be the exclusive property of the spouse. However, interests falling due during the marriage on the principal shall belong to the conjugal partnership. (156a, 157a)

Art. 120. The ownership of improvements, whether for utility or adornment, made on the separate property of the spouses at the expense of the partnership or through the acts or efforts of either or both spouses shall pertain to the conjugal partnership, or to the original owner-spouse, subject to the following rules:

When the cost of the improvement made by the conjugal partnership and any resulting increase in value are more than the value of the property at the time of the improvement, the entire property of one of the spouses shall belong to the conjugal partnership, subject to reimbursement of the value of the property of the owner-spouse at the time of the improvement; otherwise, said property shall be retained in ownership by the owner-spouse, likewise subject to reimbursement of the cost of the improvement.

In either case, the ownership of the entire property shall be vested upon the reimbursement, which shall be made at the time of the liquidation of the conjugal partnership. (158a)

#### Section 4. Charges Upon and Obligations of the Conjugal Partnership

Art. 121. The conjugal partnership shall be liable for:

(1) The support of the spouses, their common children, and the legitimate children of either spouse; however, the support of illegitimate children shall be governed by the provisions of this Code on Support;

(2) All debts and obligations contracted during the marriage by the designated administrator-spouse for the benefit of the conjugal partnership of gains, or by both spouses or by one of them with the consent of the other;

(3) Debts and obligations contracted by either spouse without the consent of the other to the extent that the family may have benefited;

(4) All taxes, liens, charges, and expenses, including major or minor repairs upon the conjugal partnership property;

(5) All taxes and expenses for mere preservation made during the marriage upon the separate property of either spouse;

(6) Expenses to enable either spouse to commence or complete a professional, vocational, or other activity for self-improvement;

(7) Antenuptial debts of either spouse insofar as they have redounded to the benefit of the family;

(8) The value of what is donated or promised by both spouses in favor of their common legitimate children for the exclusive purpose of commencing or completing a professional or vocational course or other activity for self-improvement; and

(9) Expenses of litigation between the spouses unless the suit is found to be groundless.

If the conjugal partnership is insufficient to cover the foregoing liabilities, the spouses shall be solidarily liable for the unpaid balance with their separate properties. (161a)

Art. 122. The payment of personal debts contracted by the husband or the wife before or during the marriage shall not be charged to the conjugal partnership except insofar as they redounded to the benefit of the family.

Neither shall the fines and pecuniary indemnities imposed upon them be charged to the partnership.

However, the payment of personal debts contracted by either spouse before the marriage, that of fines and indemnities imposed upon them, as well as the support of illegitimate children of either spouse, may be enforced against the partnership assets after the responsibilities enumerated in the preceding Article have been covered, if the spouse who is bound should have no exclusive property or if it should be insufficient; but at the time of the liquidation of the partnership, such spouse shall be charged for what has been paid for the purposes above-mentioned. (163a)

Art. 123. Whatever may be lost during the marriage in any game of chance, or in betting, sweepstakes, or any other kind of gambling whether permitted or prohibited by law, shall be borne by the loser and shall not be charged to the conjugal partnership but any winnings therefrom shall form part of the conjugal partnership property. (164a)

#### Section 5. Administration of the Conjugal Partnership Property

Art. 124. The administration and enjoyment of the conjugal partnership property shall belong to both spouses jointly. In case of disagreement, the husband's decision shall prevail, subject to recourse to the court by the wife for a proper remedy, which must be availed of within five years from the date of the contract implementing such decision.

In the event that one spouse is incapacitated or otherwise unable to participate in the administration of the conjugal properties, the other spouse may assume sole powers of administration. These powers do not include the powers of disposition or encumbrance which must have the authority of the court or the written consent of the other spouse. In the absence of such authority or consent, the disposition or encumbrance shall be void. However, the transaction shall be construed as a continuing offer on the part of the consenting spouse and the third person, and may be perfected as a binding contract upon the acceptance by the other spouse or authorization by the court before the offer is withdrawn by either or both offerors. (165a)

Art. 125. Neither spouse may donate any conjugal partnership property without the consent of the other. However, either spouse may, without the consent of the other, make moderate donations from the conjugal partnership property for charity or on occasions of family rejoicing or family distress. (174a)

#### Section 6. Dissolution of Conjugal Partnership Regime

Art. 126. The conjugal partnership terminates:

- (1) Upon the death of either spouse;
  - (2) When there is a decree of legal separation;
  - (3) When the marriage is annulled or declared void; or
  - (4) In case of judicial separation of property during the marriage under Articles 134 to 138.
- (175a)

Art. 127. The separation in fact between husband and wife shall not affect the regime of conjugal partnership, except that:

(1) The spouse who leaves the conjugal home or refuses to live therein, without just cause, shall not have the right to be supported;

(2) When the consent of one spouse to any transaction of the other is required by law, judicial authorization shall be obtained in a summary proceeding;

(3) In the absence of sufficient conjugal partnership property, the separate property of both spouses shall be solidarily liable for the support of the family. The spouse present shall, upon proper petition in a summary proceeding, be given judicial authority to administer or encumber any specific separate property of the other spouse and use the fruits or proceeds thereof to satisfy the latter's share. (178a)

Art. 128. If a spouse without just cause abandons the other or fails to comply with his or her obligations to the family, the aggrieved spouse may petition the court for receivership, for judicial separation of property, or for authority to be the sole administrator of the conjugal partnership property, subject to such precautionary conditions as the court may impose.

The obligations to the family mentioned in the preceding paragraph refer to marital, parental or property relations.

A spouse is deemed to have abandoned the other when he or she has left the conjugal dwelling without any intention of returning. The spouse who has left the conjugal dwelling for a period of three months or has failed within the same period to give any information as to his or her whereabouts shall be prima facie presumed to have no intention of returning to the conjugal dwelling. (167a, 191a)

#### Section 7. Liquidation of the Conjugal Partnership Assets and Liabilities

Art. 129. Upon the dissolution of the conjugal partnership regime, the following procedure shall apply:

(1) An inventory shall be prepared, listing separately all the properties of the conjugal partnership and the exclusive properties of each spouse.

(2) Amounts advanced by the conjugal partnership in payment of personal debts and obligations of either spouse shall be credited to the conjugal partnership as an asset thereof.

(3) Each spouse shall be reimbursed for the use of his or her exclusive funds in the acquisition of property or for the value of his or her exclusive property, the ownership of which has been vested by law in the conjugal partnership.

(4) The debts and obligations of the conjugal partnership shall be paid out of the conjugal assets. In case of insufficiency of said assets, the spouses shall be solidarily liable for the unpaid balance with their separate properties, in accordance with the provisions of paragraph (2) of Article 121.

(5) Whatever remains of the exclusive properties of the spouses shall thereafter be delivered to each of them.

(6) Unless the owner has been indemnified from whatever source, the loss or deterioration of movables used for the benefit of the family, belonging to either spouse, even due to fortuitous event, shall be paid to said spouse from the conjugal funds, if any.

(7) The net remainder of the conjugal partnership properties shall constitute the profits, which shall be divided equally between husband and wife, unless a different proportion or division was agreed upon in the marriage settlements or unless there has been a voluntary waiver or forfeiture of such share as provided in this Code.

(8) The presumptive legitimes of the common children shall be delivered upon partition in accordance with Article 51.

(9) In the partition of the properties, the conjugal dwelling and the lot on which it is situated shall, unless otherwise agreed upon by the parties, be adjudicated to the spouse with whom the majority of the common children choose to remain. Children below the age of seven years are deemed to have chosen the mother, unless the court has decided otherwise. In case there is no such majority, the court shall decide, taking into consideration the best interests of said children. (181a, 182a, 183a, 184a, 185a)

Art. 130. Upon the termination of the marriage by death, the conjugal partnership property shall be liquidated in the same proceeding for the settlement of the estate of the deceased.

If no judicial settlement proceeding is instituted, the surviving spouse shall liquidate the conjugal partnership property either judicially or extra-judicially within one year from the death of the deceased spouse. If upon the lapse of said period no liquidation is made, any disposition or encumbrance involving the conjugal partnership property of the terminated marriage shall be void.

Should the surviving spouse contract a subsequent marriage without complying with the foregoing requirements, a mandatory regime of complete separation of property shall govern the property relations of the subsequent marriage. (n)

Art. 131. Whenever the liquidation of the conjugal partnership properties of two or more marriages contracted by the same person before the effectivity of this Code is carried out simultaneously, the respective capital, fruits and income of each partnership shall be determined upon such proof as may be considered according to the rules of evidence. In case of doubt as to which partnership the existing properties belong, the same shall be divided between and among the different partnerships in proportion to the capital and duration of each. (189a)

Art. 132. The Rules of Court on the administration of estates of deceased persons shall be observed in the appraisal and sale of property of the conjugal partnership, and other matters which are not expressly determined in this Chapter. (187a)

Art. 133. From the common mass of property, support shall be given to the surviving spouse and to the children during the liquidation of the inventoried property and until what belongs to them is delivered; but from this shall be deducted that amount received for support which exceeds the fruits or rents pertaining to them. (188a)

#### Chapter 5. Separation of Property of the Spouses and Administration of Common Property by One Spouse During the Marriage

Art. 134. In the absence of an express declaration in the marriage settlements, the separation of property between spouses during the marriage shall not take place except by judicial order. Such judicial separation of property may either be voluntary or for sufficient cause. (190a)

Art. 135. Any of the following shall be considered sufficient cause for judicial separation of property:

(1) That the spouse of the petitioner has been sentenced to a penalty which carries with it civil interdiction;

(2) That the spouse of the petitioner has been judicially declared an absentee;

(3) That loss of parental authority of the spouse of petitioner has been decreed by the court;

(4) That the spouse of the petitioner has abandoned the latter or failed to comply with his or her obligations to the family as provided for in Article 101;

(5) That the spouse granted the power of administration in the marriage settlements has abused that power; and

(6) That at the time of the petition, the spouses have been separated in fact for at least one year and reconciliation is highly improbable.

In the cases provided for in numbers (1), (2) and (3), the presentation of the final judgment against the guilty or absent spouse shall be enough basis for the grant of the decree of judicial separation of property. (191a)

Art. 136. The spouses may jointly file a verified petition with the court for the voluntary dissolution of the absolute community or the conjugal partnership of gains, and for the separation of their common properties.

All creditors of the absolute community or of the conjugal partnership of gains, as well as the personal creditors of the spouse, shall be listed in the petition and notified of the filing thereof. The court shall take measures to protect the creditors and other persons with a pecuniary interest. (191a)

Art. 137. Once the separation of property has been decreed, the absolute community or the conjugal partnership of gains shall be liquidated in conformity with this Code.

During the pendency of the proceedings for separation of property, the absolute community or the conjugal partnership shall pay for the support of the spouses and their children. (192a)

Art. 138. After dissolution of the absolute community or of the conjugal partnership, the provisions on complete separation of property shall apply. (191a)

Art. 139. The petition for separation of property and the final judgment granting the same shall be recorded in the proper local civil registries and registries of property. (193a)

Art. 140. The separation of property shall not prejudice the rights previously acquired by creditors. (194)

Art. 141. The spouses may, in the same proceedings where separation of property was decreed, file a motion in court for a decree reviving the property regime that existed between them before the separation of property in any of the following instances:

- (1) When the civil interdiction terminates;
- (2) When the absentee spouse reappears;
- (3) When the court, being satisfied that the spouse granted the power of administration in the marriage settlements will not again abuse that power, authorizes the resumption of said administration;
- (4) When the spouse who has left the conjugal home without a decree of legal separation resumes common life with the other;
- (5) When parental authority is judicially restored to the spouse previously deprived thereof;
- (6) When the spouses who have separated in fact for at least one year, reconcile and resume common life; or
- (7) When after voluntary dissolution of the absolute community of property or conjugal partnership has been judicially decreed upon the joint petition of the spouses, they agree to the revival of the former property regime. No voluntary separation of property may thereafter be granted.

The revival of the former property regime shall be governed by Article 67. (195a)

Art. 142. The administration of all classes of exclusive property of either spouse may be transferred by the court to the other spouse:

- (1) When one spouse becomes the guardian of the other;
- (2) When one spouse is judicially declared an absentee;
- (3) When one spouse is sentenced to a penalty which carries with it civil interdiction; or

(4) When one spouse becomes a fugitive from justice or is in hiding as an accused in a criminal case.

If the other spouse is not qualified by reason of incompetence, conflict of interest, or any other just cause, the court shall appoint a suitable person to be the administrator. (n)

#### Chapter 6. Regime of Separation of Property

Art. 143. Should the future spouses agree in the marriage settlements that their property relations during marriage shall be governed by the regime of separation of property, the provisions of this Chapter shall be of suppletory application. (212a)

Art. 144. Separation of property may refer to present or future property or both. It may be total or partial. In the latter case, the property not agreed upon as separate shall pertain to the absolute community. (213a)

Art. 145. Each spouse shall own, dispose of, possess, administer and enjoy his or her own separate estate, without need of the consent of the other. To each spouse shall belong all earnings from his or her profession, business or industry and all fruits, natural, industrial or civil, due or received during the marriage from his or her separate property. (214a)

Art. 146. Both spouses shall bear the family expenses in proportion to their income, or, in case of insufficiency or default thereof, to the current market value of their separate properties.

The liability of the spouses to creditors for family expenses shall, however, be solidary. (215a)

#### Chapter 7. Property Regime of Unions Without Marriage

Art. 147. When a man and a woman who are capacitated to marry each other, live exclusively with each other as husband and wife without the benefit of marriage or under a void marriage, their wages and salaries shall be owned by them in equal shares and the property acquired by both of them through their work or industry shall be governed by the rules on co-ownership.

In the absence of proof to the contrary, properties acquired while they lived together shall be presumed to have been obtained by their joint efforts, work or industry, and shall be owned by them in equal shares. For purposes of this Article, a party who did not participate in the acquisition by the other party of any property shall be deemed to have contributed jointly in the acquisition thereof if the former's efforts consisted in the care and maintenance of the family and of the household.

Neither party can encumber or dispose by acts inter vivos of his or her share in the property acquired during cohabitation and owned in common, without the consent of the other, until after the termination of their cohabitation.

When only one of the parties to a void marriage is in good faith, the share of the party in bad faith in the co-ownership shall be forfeited in favor of their common children. In case of default or waiver by any or all of the common children or their descendants, each vacant share shall belong to the respective surviving descendants. In the absence of descendants, such share shall belong to the innocent party. In all cases, the forfeiture shall take place upon termination of the cohabitation. (144a)

Art. 148. In cases of cohabitation not falling under the preceding Article, only the properties acquired by both of the parties through their actual joint contribution of money, property, or industry shall be owned by them in common in proportion to their respective contributions. In the absence of proof to the contrary, their contributions and corresponding shares are presumed to be equal. The same rule and presumption shall apply to joint deposits of money and evidences of credit.



If one of the parties is validly married to another, his or her share in the co-ownership shall accrue to the absolute community or conjugal partnership existing in such valid marriage. If the party who acted in bad faith is not validly married to another, his or her share shall be forfeited in the manner provided in the last paragraph of the preceding Article.

The foregoing rules on forfeiture shall likewise apply even if both parties are in bad faith. (144a)

## TITLE V THE FAMILY

### Chapter 1. The Family as an Institution

Art. 149. The family, being the foundation of the nation, is a basic social institution which public policy cherishes and protects. Consequently, family relations are governed by law and no custom, practice or agreement destructive of the family shall be recognized or given effect. (216a, 218a)

Art. 150. Family relations include those:

- (1) Between husband and wife;
- (2) Between parents and children;
- (3) Among other ascendants and descendants; and
- (4) Among brothers and sisters, whether of the full- or half-blood. (217a)

Art. 151. No suit between members of the same family shall prosper unless it should appear from the verified complaint or petition that earnest efforts toward a compromise have been made, but that the same have failed. If it is shown that no such efforts were in fact made, the case must be dismissed.

This rule shall not apply to cases which may not be the subject of compromise under the Civil Code. (222a)

### Chapter 2. The Family Home

Art. 152. The family home, constituted jointly by the husband and the wife or by an unmarried head of a family, is the dwelling house where they and their family reside, and the land on which it is situated. (223a)

Art. 153. The family home is deemed constituted on a house and lot from the time it is occupied as a family residence. From the time of its constitution and so long as any of its beneficiaries actually resides therein, the family home continues to be such and is exempt from execution, forced sale or attachment except as hereinafter provided and to the extent of the value allowed by law. (223a)

Art. 154. The beneficiaries of a family home are:

- (1) The husband and wife, or an unmarried person who is the head of a family; and
- (2) Their parents, ascendants, descendants, brothers and sisters, whether the relationship be legitimate or illegitimate, who are living in the family home and who depend upon the head of the family for legal support. (226a)

Art. 155. The family home shall be exempt from execution, forced sale or attachment except:



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- (1) For nonpayment of taxes;
  - (2) For debts incurred prior to the constitution of the family home;
  - (3) For debts secured by mortgages on the premises before or after such constitution; and
  - (4) For debts due to laborers, mechanics, architects, builders, materialmen and others who have rendered service or furnished material for the construction of the building. (243a)

Art. 156. The family home must be part of the properties of the absolute community or the conjugal partnership, or of the exclusive properties of either spouse with the latter's consent. It may also be constituted by an unmarried head of a family on his or her own property.

Nevertheless, property that is the subject of a conditional sale on installments where ownership is reserved by the vendor only to guarantee payment of the purchase price may be constituted as a family home. (227a, 228a)

Art. 157. The actual value of the family home shall not exceed, at the time of its constitution, the amount of three hundred thousand pesos in urban areas, and two hundred thousand pesos in rural areas, or such amounts as may hereafter be fixed by law.

In any event, if the value of the currency changes after the adoption of this Code, the value most favorable for the constitution of a family home shall be the basis of evaluation.

For purposes of this Article, urban areas are deemed to include chartered cities and municipalities whose annual income at least equals that legally required for chartered cities. All others are deemed to be rural areas. (231a)

Art. 158. The family home may be sold, alienated, donated, assigned or encumbered by the owner or owners thereof with the written consent of the person constituting the same, the latter's spouse, and a majority of the beneficiaries of legal age. In case of conflict, the court shall decide. (235a)

Art. 159. The family home shall continue despite the death of one or both spouses or of the unmarried head of the family for a period of ten years or for as long as there is a minor beneficiary, and the heirs cannot partition the same unless the court finds compelling reasons therefor. This rule shall apply regardless of whoever owns the property or constituted the family home. (238a)

Art. 160. When a creditor whose claim is not among those mentioned in Article 155 obtains a judgment in his favor, and he has reasonable grounds to believe that the family home is actually worth more than the maximum amount fixed in Article 157, he may apply to the court which rendered the judgment for an order directing the sale of the property under execution. The court shall so order if it finds that the actual value of the family home exceeds the maximum amount allowed by law as of the time of its constitution. If the increased actual value exceeds the maximum allowed in Article 157 and results from subsequent voluntary improvements introduced by the person or persons constituting the family home, by the owner or owners of the property, or by any of the beneficiaries, the same rule and procedure shall apply.

At the execution sale, no bid below the value allowed for a family home shall be considered. The proceeds shall be applied first to the amount mentioned in Article 157, and then to the liabilities under the judgment and the costs. The excess, if any, shall be delivered to the judgment debtor. (247a, 248a)

Art. 161. For purposes of availing of the benefits of a family home as provided for in this Chapter, a person may constitute, or be the beneficiary of, only one family home. (n)

Art. 162. The provisions in this Chapter shall also govern existing family residences insofar as said provisions are applicable.

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TITLE VI  
PATERNITY AND FILIATION  
Chapter 1. Legitimate Children

Art. 163. The filiation of children may be by nature or by adoption. Natural filiation may be legitimate or illegitimate. (n)

Art. 164. Children conceived or born during the marriage of the parents are legitimate.

Children conceived as a result of artificial insemination of the wife with the sperm of the husband or that of a donor or both are likewise legitimate children of the husband and his wife, provided that both of them authorized or ratified such insemination in a written instrument executed and signed by them before the birth of the child. The instrument shall be recorded in the civil registry together with the birth certificate of the child. (255a, 258a)

Art. 165. Children conceived and born outside a valid marriage are illegitimate, unless otherwise provided in this Code. (n)

Art. 166. Legitimacy of a child may be impugned only on the following grounds:

(1) That it was physically impossible for the husband to have sexual intercourse with his wife within the first 120 days of the 300 days which immediately preceded the birth of the child because of:

- (a) the physical incapacity of the husband to have sexual intercourse with his wife;
- (b) the fact that the husband and wife were living separately in such a way that sexual intercourse was not possible; or
- (c) serious illness of the husband, which absolutely prevented sexual intercourse;

(2) That it is proved that for biological or other scientific reasons, the child could not have been that of the husband, except in the instance provided in the second paragraph of Article 164; or

(3) That in case of children conceived through artificial insemination, the written authorization or ratification of either parent was obtained through mistake, fraud, violence, intimidation, or undue influence. (255a)

Art. 167. The child shall be considered legitimate although the mother may have declared against its legitimacy or may have been sentenced as an adulteress. (256a)

Art. 168. If the marriage is terminated and the mother contracted another marriage within three hundred days after such termination of the former marriage, these rules shall govern in the absence of proof to the contrary:

(1) A child born before one hundred eighty days after the solemnization of the subsequent marriage is considered to have been conceived during the former marriage, provided it be born within three hundred days after the termination of the former marriage;

(2) A child born after one hundred eighty days following the celebration of the subsequent marriage is considered to have been conceived during such marriage, even though it be born within the three hundred days after the termination of the former marriage. (259a)

Art. 169. The legitimacy or illegitimacy of a child born after three hundred days following the termination of the marriage shall be proved by whoever alleges such legitimacy or illegitimacy. (261a)

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Art. 170. The action to impugn the legitimacy of the child shall be brought within one year from the knowledge of the birth or its recording in the civil register, if the husband or, in a proper case, any of his heirs, should reside in the city or municipality where the birth took place or was recorded.

If the husband or, in his default, all of his heirs do not reside at the place of birth as defined in the first paragraph or where it was recorded, the period shall be two years if they should reside in the Philippines; and three years if abroad. If the birth of the child has been concealed from or was unknown to the husband or his heirs, the period shall be counted from the discovery or knowledge of the birth of the child or of the fact of registration of said birth, whichever is earlier. (263a)

Art. 171. The heirs of the husband may impugn the filiation of the child within the period prescribed in the preceding article only in the following cases:

- (1) If the husband should die before the expiration of the period fixed for bringing his action;
- (2) If he should die after the filing of the complaint, without having desisted therefrom; or
- (3) If the child was born after the death of the husband. (262a)

## Chapter 2. Proof of Filiation

Art. 172. The filiation of legitimate children is established by any of the following:

- (1) The record of birth appearing in the civil register or a final judgment; or
- (2) An admission of legitimate filiation in a public document or a private handwritten instrument and signed by the parent concerned.

In the absence of the foregoing evidence, the legitimate filiation shall be proved by:

- (1) The open and continuous possession of the status of a legitimate child; or
- (2) Any other means allowed by the Rules of Court and special laws. (265a, 266a; 267a)

Art. 173. The action to claim legitimacy may be brought by the child during his or her lifetime and shall be transmitted to the heirs should the child die during minority or in a state of insanity. In these cases, the heirs shall have a period of five years within which to institute the action.

The action already commenced by the child shall survive notwithstanding the death of either or both of the parties. (268a)

Art. 174. Legitimate children shall have the right:

- (1) To bear the surnames of the father and the mother, in conformity with the provisions of the Civil Code on Surnames;
- (2) To receive support from their parents, their ascendants, and in proper cases, their brothers and sisters, in conformity with the provisions of this Code on Support; and
- (3) To be entitled to the legitime and other successional rights granted to them by the Civil Code. (264a)

## Chapter 3. Illegitimate Children

Art. 175. Illegitimate children may establish their illegitimate filiation in the same way and on the same evidence as legitimate children.

The action must be brought within the same period specified in Article 173, except when the action is based on the second paragraph of Article 172, in which case the action may be brought during the lifetime of the alleged parent. (289a)

Art. 176. Illegitimate children shall use the surname and shall be under the parental authority of their mother, and shall be entitled to support in conformity with this Code. The legitime of each illegitimate child shall consist of one-half of the legitime of a legitimate child. (287a)

#### Chapter 4. Legitimated Children

Art. 177. Only children conceived and born outside of wedlock of parents who, at the time of the conception of the former, were not disqualified by any impediment to marry each other may be legitimated. (269a)

Art. 178. Legitimation shall take place by a subsequent valid marriage between parents. The annulment of a voidable marriage shall not affect the legitimation. (270a)

Art. 179. Legitimated children shall enjoy the same rights as legitimate children. (272a)

Art. 180. The effects of legitimation shall retroact to the time of the child's birth. (273a)

Art. 181. The legitimation of children who died before the celebration of the marriage shall benefit their descendants. (274)

Art. 182. Legitimation may be impugned only by those who are prejudiced in their rights, within five years from the time their cause of action accrues. (275a)

### TITLE VII ADOPTION

Art. 183. A person of age and in possession of full civil capacity and legal rights may adopt, provided he is in a position to support and care for his children, legitimate or illegitimate, in keeping with the means of the family.

Only minors may be adopted, except in the cases when the adoption of a person of majority age is allowed in this Title.

In addition, the adopter must be at least sixteen years older than the person to be adopted, unless the adopter is the parent by nature of the adopted, or is the spouse of the legitimate parent of the person to be adopted. (27a, EO 91 and PD 603)

Art. 184. The following persons may not adopt:

(1) The guardian with respect to the ward prior to the approval of the final accounts rendered upon the termination of their guardianship relation;

(2) Any person who has been convicted of a crime involving moral turpitude;

(3) An alien, except:

(a) A former Filipino citizen who seeks to adopt a relative by consanguinity;

(b) One who seeks to adopt the legitimate child of his or her Filipino spouse; or

(c) One who is married to a Filipino citizen and seeks to adopt jointly with his or her spouse a relative by consanguinity of the latter.

Aliens not included in the foregoing exceptions may adopt Filipino children in accordance with the rules on inter-country adoption as may be provided by law. (28a, EO 91 and PD 603)

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Art. 185. Husband and wife must jointly adopt, except in the following cases:

- (1) When one spouse seeks to adopt his own illegitimate child; or
- (2) When one spouse seeks to adopt the legitimate child of the other. (29a, EO 91 and PD 603)

Art. 186. In case husband and wife jointly adopt or one spouse adopts the legitimate child of the other, joint parental authority shall be exercised by the spouses in accordance with this Code. (29a, EO 91 and PD 603)

Art. 187. The following may not be adopted:

- (1) A person of legal age, unless he or she is a child by nature of the adopter or his or her spouse, or, prior to the adoption, said person had been consistently considered and treated by the adopter as his or her own child during minority.
- (2) An alien with whose government the Republic of the Philippines has no diplomatic relations; and
- (3) A person who has already been adopted unless such adoption has been previously revoked or rescinded. (30a, EO 91 and PD 603)

Art. 188. The written consent of the following to the adoption shall be necessary:

- (1) The person to be adopted, if ten years of age or over;
- (2) The parents by nature of the child, the legal guardian, or the proper government instrumentality;
- (3) The legitimate and adopted children, ten years of age or over, of the adopting parent or parents;
- (4) The illegitimate children, ten years of age or over, of the adopting parent, if living with said parent and the latter's spouse, if any; and
- (5) The spouse, if any, of the person adopting or to be adopted. (31a, EO 91 and PD 603)

Art. 189. Adoption shall have the following effects:

- (1) For civil purposes, the adopted shall be deemed to be a legitimate child of the adopters and both shall acquire the reciprocal rights and obligations arising from the relationship of parent and child, including the right of the adopted to use the surname of the adopter;
- (2) The parental authority of the parents by nature over the adopted shall terminate and be vested in the adopters, except that if the adopter is the spouse of the parent by nature of the adopted, parental authority over the adopted shall be exercised jointly by both spouses; and
- (3) The adopted shall remain an intestate heir of his parents and other blood relatives. (39(1)a, (2) a, (3)a, PD 603)

Art. 190. Legal or intestate succession to the estate of the adopted shall be governed by the following rules:

- (1) Legitimate and illegitimate children and descendants and the surviving spouse of the adopted shall inherit from the adopted, in accordance with the ordinary rules of legal or intestate succession;

(2) When the parents, legitimate or illegitimate, or the legitimate ascendants of the adopted concur with the adopters, they shall divide the entire estate, one-half to be inherited by the parents or ascendants and the other half, by the adopters;

(3) When the surviving spouse or the illegitimate children of the adopted concur with the adopters, they shall divide the entire estate in equal shares, one-half to be inherited by the spouse or the illegitimate children of the adopted and the other half, by the adopters;

(4) When the adopters concur with the illegitimate children and the surviving spouse of the adopted, they shall divide the entire estate in equal shares, one-third to be inherited by the illegitimate children, one-third by the surviving spouse, and one-third by the adopters;

(5) When only the adopters survive, they shall inherit the entire estate; and

(6) When only collateral blood relatives of the adopted survive, then the ordinary rules of legal or intestate succession shall apply. (39(4)a, PD 603)

Art. 191. If the adopted is a minor or otherwise incapacitated, the adoption may be judicially rescinded upon petition of any person authorized by the court or proper government instrumental acting on his behalf, on the same grounds prescribed for loss or suspension of parental authority. If the adopted is at least eighteen years of age, he may petition for judicial rescission of the adoption on the same grounds prescribed for disinheriting an ascendant. (40a, PD 603)

Art. 192. The adopters may petition the court for the judicial rescission of the adoption in any of the following cases:

(1) If the adopted has committed any act constituting a ground for disinheriting a descendant; or

(2) When the adopted has abandoned the home of the adopters during minority for at least one year, or, by some other acts, has definitely repudiated the adoption. (41a, PD 603)

Art. 193. If the adopted minor has not reached the age of majority at the time of the judicial rescission of the adoption, the court in the same proceeding shall reinstate the parental authority of the parents by nature, unless the latter are disqualified or incapacitated, in which case the court shall appoint a guardian over the person and property of the minor. If the adopted person is physically or mentally handicapped, the court shall appoint in the same proceeding a guardian over his person or property or both.

Judicial rescission of the adoption shall extinguish all reciprocal rights and obligations between the adopters and the adopted arising from the relationship of parent and child. The adopted shall likewise lose the right to use the surnames of the adopters and shall resume his or her surname prior to the adoption.

The court shall accordingly order the amendment of the records in the proper registries. (42a, PD 603)

## TITLE VIII SUPPORT

Art. 194. Support comprises everything indispensable for sustenance, dwelling, clothing, medical attendance, education and transportation, in keeping with the financial capacity of the family.

The education of the person entitled to be supported referred to in the preceding paragraph shall include his schooling or training for some profession, trade or vocation, even beyond the age of majority. Transportation shall include expenses in going to and from school, or to and from place of work. (290a)

Art. 195. Subject to the provisions of the succeeding articles, the following are obliged to support each other to the whole extent set forth in the preceding article:

- (1) The spouses;
  - (2) Legitimate ascendants and descendants;
  - (3) Parents and their legitimate children and the legitimate and illegitimate children of the latter;
  - (4) Parents and their illegitimate children and the legitimate and illegitimate children of the latter;
- and
- (5) Legitimate brothers and sisters, whether of the full- or half-blood. (291a)

Art. 196. Brothers and sisters not legitimately related, whether of the full or half-blood, are likewise bound to support each other to the full extent set forth in Article 194, except only when the need for support of the brother or sister, being of age, is due to a cause imputable to the claimant's fault or negligence. (291a)

Art. 197. For the support of legitimate ascendants; descendants, whether legitimate or illegitimate; and brothers and sisters, whether legitimately or illegitimately related, only the separate property of the person obliged to give support shall be answerable provided that in case the obligor has no separate property, the absolute community or the conjugal partnership, if financially capable, shall advance the support, which shall be deducted from the share of the spouse obliged upon the liquidation of the absolute community or of the conjugal partnership. (n)

Art. 198. During the proceedings for legal separation or for annulment of marriage, and for declaration of nullity of marriage, the spouses and their children shall be supported from the properties of the absolute community or the conjugal partnership. After final judgment granting the petition, the obligation of mutual support between the spouses ceases. However, in case of legal separation, the court may order that the guilty spouse shall give support to the innocent one, specifying the terms of such order. (292a)

Art. 199. Whenever two or more persons are obliged to give support, the liability shall devolve upon the following persons in the order herein provided:

- (1) The spouse;
- (2) The descendants in the nearest degree;
- (3) The ascendants in the nearest degree; and
- (4) The brothers and sisters. (294a)

Art. 200. When the obligation to give support falls upon two or more persons, the payment of the same shall be divided between them in proportion to the resources of each.

However, in case of urgent need and by special circumstances, the judge may order only one of them to furnish the support provisionally, without prejudice to his right to claim from the other obligors the share due from them.

When two or more recipients at the same time claim support from one and the same person legally obliged to give it, should the latter not have sufficient means to satisfy all claims, the order established in the preceding article shall be followed, unless the concurrent obligees should be the spouse and a child subject to parental authority, in which case the child shall be preferred. (295a)

Art. 201. The amount of support, in the cases referred to in Articles 195 and 196, shall be in proportion to the resources or means of the giver and to the necessities of the recipient. (296a)



Art. 202. Support in the cases referred to in the preceding article shall be reduced or increased proportionately, according to the reduction or increase of the necessities of the recipient and the resources or means of the person obliged to furnish the same. (297a)

Art. 203. The obligation to give support shall be demandable from the time the person who has a right to receive the same needs it for maintenance, but it shall not be paid except from the date of judicial or extrajudicial demand.

Support pendente lite may be claimed in accordance with the Rules of Court.

Payment shall be made within the first five days of each corresponding month. When the recipient dies, his heirs shall not be obliged to return what he has received in advance. (298a)

Art. 204. The person obliged to give support shall have the option to fulfill the obligation either by paying the allowance fixed, or by receiving and maintaining in the family dwelling the person who has a right to receive support. The latter alternative cannot be availed of in case there is a moral or legal obstacle thereto. (299a)

Art. 205. The right to receive support under this Title as well as any money or property obtained as such support shall not be levied upon on attachment or execution. (302a)

Art. 206. When, without the knowledge of the person obliged to give support, it is given by a stranger, the latter shall have a right to claim the same from the former, unless it appears that he gave it without intention of being reimbursed. (2164a)

Art. 207. When the person obliged to support another unjustly refuses or fails to give support when urgently needed by the latter, any third person may furnish support to the needy individual, with a right of reimbursement from the person obliged to give support. This Article shall apply particularly when the father or mother of a child under the age of majority unjustly refuses to support or fails to give support to the child when urgently needed. (2166a)

Art. 208. In case of contractual support or that given by will, the excess in amount beyond that required for legal support shall be subject to levy on attachment or execution.

Furthermore, contractual support shall be subject to adjustment whenever modification is necessary due to changes in circumstances manifestly beyond the contemplation of the parties. (n)

## TITLE IX PARENTAL AUTHORITY

### Chapter 1. General Provisions

Art. 209. Pursuant to the natural right and duty of parents over the person and property of their unemancipated children, parental authority and responsibility shall include the caring for and rearing of such children for civic consciousness and efficiency and the development of their moral, mental and physical character and well-being. (n)

Art. 210. Parental authority and responsibility may not be renounced or transferred except in the cases authorized by law. (313a)

Art. 211. The father and the mother shall jointly exercise parental authority over the persons of their common children. In case of disagreement, the father's decision shall prevail, unless there is a judicial order to the contrary.

Children shall always observe respect and reverence towards their parents and are obliged to obey them as long as the children are under parental authority. (17a, PD 603)

Art. 212. In case of absence or death of either parent, the parent present shall continue exercising parental authority. The remarriage of the surviving parent shall not affect the parental authority over



the children, unless the court appoints another person to be the guardian of the person or property of the children. (17a, PD 603)

Art. 213. In case of separation of the parents, parental authority shall be exercised by the parent designated by the court. The court shall take into account all relevant considerations, especially the choice of the child over seven years of age, unless the parent chosen is unfit. (n)

No child under seven years of age shall be separated from the mother unless the court finds compelling reasons to order otherwise.

Art. 214. In case of death, absence or unsuitability of the parents, substitute parental authority shall be exercised by the surviving grandparent. In case several survive, the one designated by the court, taking into account the same consideration mentioned in the preceding article, shall exercise the authority. (19a, PD 603)

Art. 215. No descendant shall be compelled, in a criminal case, to testify against his parents and grandparents, except when such testimony is indispensable in a crime against the descendant or by one parent against the other. (315a)

#### Chapter 2. Substitute and Special Parental Authority

Art. 216. In default of parents or a judicially appointed guardian, the following persons shall exercise substitute parental authority over the child in the order indicated:

- (1) The surviving grandparent, as provided in Art. 214;
- (2) The oldest brother or sister, over twenty-one years of age, unless unfit or disqualified; and
- (3) The child's actual custodian, over twenty-one years of age, unless unfit or disqualified.

Whenever the appointment of a judicial guardian over the property of the child becomes necessary, the same order of preference shall be observed. (349a, 351a, 354a)

Art. 217. In case of foundlings, abandoned, neglected or abused children and other children similarly situated, parental authority shall be entrusted in summary judicial proceedings to heads of children's homes, orphanages and similar institutions duly accredited by the proper government agency. (314a)

Art. 218. The school, its administrators and teachers, or the individual, entity or institution engaged in child care shall have special parental authority and responsibility over the minor child while under their supervision, instruction or custody.

Authority and responsibility shall apply to all authorized activities whether inside or outside the premises of the school, entity or institution. (349a)

Art. 219. Those given the authority and responsibility under the preceding Article shall be principally and solidarily liable for damages caused by the acts or omissions of the unemancipated minor. The parents, judicial guardians or the persons exercising substitute parental authority over said minor shall be subsidiarily liable.

The respective liabilities of those referred to in the preceding paragraph shall not apply if it is proved that they exercised the proper diligence required under the particular circumstances.

All other cases not covered by this and the preceding articles shall be governed by the provisions of the Civil Code on quasi-delicts. (n)

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### Chapter 3. Effect of Parental Authority Upon the Persons of the Children

Art. 220. The parents and those exercising parental authority shall have with respect to their unemancipated children or wards the following rights and duties:

- (1) To keep them in their company, to support, educate and instruct them by right precept and good example, and to provide for their upbringing in keeping with their means;
- (2) To give them love and affection, advice and counsel, companionship and understanding;
- (3) To provide them with moral and spiritual guidance, inculcate in them honesty, integrity, self-discipline, self-reliance, industry and thrift, stimulate their interest in civic affairs, and inspire in them compliance with the duties of citizenship;
- (4) To enhance, protect, preserve and maintain their physical and mental health at all times;
- (5) To furnish them with good and wholesome educational materials, supervise their activities, recreation and association with others, protect them from bad company, and prevent them from acquiring habits detrimental to their health, studies and morals;
- (6) To represent them in all matters affecting their interests;
- (7) To demand from them respect and obedience;
- (8) To impose discipline on them as may be required under the circumstances; and
- (9) To perform such other duties as are imposed by law upon parents and guardians. (316a)

Art. 221. Parents and other persons exercising parental authority shall be civilly liable for the injuries and damages caused by the acts or omissions of their unemancipated children living in their company and under their parental authority subject to the appropriate defenses provided by law. (2180(2)a and (4)a)

Art. 222. The courts may appoint a guardian of the child's property, or a guardian ad litem when the best interests of the child so require. (317)

Art. 223. The parents or, in their absence or incapacity, the individual, entity or institution exercising parental authority, may petition the proper court of the place where the child resides, for an order providing for disciplinary measures over the child. The child shall be entitled to the assistance of counsel, either of his choice or appointed by the court, and a summary hearing shall be conducted wherein the petitioner and the child shall be heard.

However, if in the same proceeding the court finds the petitioner at fault, irrespective of the merits of the petition, or when the circumstances so warrant, the court may also order the deprivation or suspension of parental authority or adopt such other measures as it may deem just and proper. (318a)

Art. 224. The measures referred to in the preceding article may include the commitment of the child for not more than thirty days in entities or institutions engaged in child care or in children's homes duly accredited by the proper government agency.

The parent exercising parental authority shall not interfere with the care of the child whenever committed but shall provide for his support. Upon proper petition or at its own instance, the court may terminate the commitment of the child whenever just and proper. (319a)

### Chapter 4. Effect of Parental Authority Upon the Property of the Children

Art. 225. The father and the mother shall jointly exercise legal guardianship over the property of their unemancipated common child without the necessity of a court appointment. In case of disagreement, the father's decision shall prevail, unless there is a judicial order to the contrary.

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Where the market value of the property or the annual income of the child exceeds P50,000, the parent concerned shall be required to furnish a bond in such amount as the court may determine, but not less than ten per centum (10%) of the value of the property or annual income, to guarantee the performance of the obligations prescribed for general guardians.

A verified petition for approval of the bond shall be filed in the proper court of the place where the child resides, or, if the child resides in a foreign country, in the proper court of the place where the property or any part thereof is situated.

The petition shall be docketed as a summary special proceeding in which all incidents and issues regarding the performance of the obligations referred to in the second paragraph of this Article shall be heard and resolved.

The ordinary rules on guardianship shall be merely suppletory except when the child is under substitute parental authority, or the guardian is a stranger, or a parent has remarried, in which case the ordinary rules on guardianship shall apply. (320a)

Art. 226. The property of the unemancipated child earned or acquired with his work or industry or by onerous or gratuitous title shall belong to the child in ownership and shall be devoted exclusively to the latter's support and education, unless the title or transfer provides otherwise.

The right of the parents over the fruits and income of the child's property shall be limited primarily to the child's support and secondarily to the collective daily needs of the family. (321a, 323a)

Art. 227. If the parents entrust the management or administration of any of their properties to an unemancipated child, the net proceeds of such property shall belong to the owner. The child shall be given a reasonable monthly allowance in an amount not less than that which the owner would have paid if the administrator were a stranger, unless the owner grants the entire proceeds to the child. In any case, the proceeds thus given in whole or in part shall not be charged to the child's legitime. (322a)

#### Chapter 5. Suspension or Termination of Parental Authority

Art. 228. Parental authority terminates permanently:

- (1) Upon the death of the parents;
- (2) Upon the death of the child; or
- (3) Upon emancipation of the child. (327a)

Art. 229. Unless subsequently revived by a final judgment, parental authority also terminates:

- (1) Upon adoption of the child;
- (2) Upon appointment of a general guardian;
- (3) Upon judicial declaration of abandonment of the child in a case filed for the purpose;
- (4) Upon final judgment of a competent court divesting the party concerned of parental authority;

or

- (5) Upon judicial declaration of absence or incapacity of the person exercising parental authority. (327a)

Art. 230. Parental authority is suspended upon conviction of the parent or the person exercising the same of a crime which carries with it the penalty of civil interdiction. The authority is automatically reinstated upon service of the penalty or upon pardon or amnesty of the offender. (330a)

Art. 231. The court in an action filed for the purpose or in a related case may also suspend parental authority if the parent or the person exercising the same:

- (1) Treats the child with excessive harshness or cruelty;
- (2) Gives the child corrupting orders, counsel or example;
- (3) Compels the child to beg; or
- (4) Subjects the child or allows him to be subjected to acts of lasciviousness.

The grounds enumerated above are deemed to include cases which have resulted from culpable negligence of the parent or the person exercising parental authority.

If the degree of seriousness so warrants, or the welfare of the child so demands, the court shall deprive the guilty party of parental authority or adopt such other measures as may be proper under the circumstances.

The suspension or deprivation may be revoked and the parental authority revived in a case filed for the purpose or in the same proceeding if the court finds that the cause therefor has ceased and will not be repeated. (332a)

Art. 232. If the person exercising parental authority has subjected the child or allowed him to be subjected to sexual abuse, such person shall be permanently deprived by the court of such authority. (n)

Art. 233. The person exercising substitute parental authority shall have the same authority over the person of the child as the parents.

In no case shall the school administrator, teacher or individual engaged in child care and exercising special parental authority, inflict corporal punishment upon the child. (n)

## TITLE X EMANCIPATION AND AGE OF MAJORITY

Art. 234. Emancipation takes place by the attainment of majority. Unless otherwise provided, majority commences at the age of twenty-one years.

Emancipation also takes place:

- (1) By the marriage of the minor; or
- (2) By the recording in the Civil Register of an agreement in a public instrument executed by the parent exercising parental authority and the minor at least eighteen years of age. Such emancipation shall be irrevocable. (397a, 398a, 400a, 401a)

Art. 235. The provisions governing emancipation by recorded agreement shall also apply to an orphaned minor and the person exercising parental authority but the agreement must be approved by the court before it is recorded. (404a, 405a, 406a)

Art. 236. Emancipation for any cause shall terminate parental authority over the person and property of the child who shall then be qualified and responsible for all acts of civil life. (399a)

Art. 237. The annulment or declaration of nullity of the marriage of a minor or of the recorded agreement mentioned in the foregoing Articles 234 and 235 shall revive the parental authority over the minor but shall not affect acts and transactions that took place prior to the recording of the final judgment in the Civil Register. (n)

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TITLE XI  
SUMMARY JUDICIAL PROCEEDINGS  
IN THE FAMILY LAW

Chapter 1. Scope of Application

Art. 238. Until modified by the Supreme Court, the procedural rules for in this Title shall apply in all cases provided for in this Code requiring summary court proceedings. Such cases shall be decided in an expeditious manner without regard to technical rules. (n)

Chapter 2. Separation in Fact  
Between Husband and Wife

Art. 239. When a husband and wife are separated in fact, or one has abandoned the other and one of them seeks judicial authorization for a transaction where the consent of the other spouse is required by law but such consent is withheld or cannot be obtained, a verified petition may be filed in court alleging the foregoing facts.

The petition shall attach the proposed deed, if any, embodying the transaction, and, if none, shall describe in detail the said transaction and state the reason why the required consent thereto cannot be secured. In any case, the final deed duly executed by the parties shall be submitted to and approved by the court. (n)

Art. 240. Claims for damages by either spouse, except costs of the proceedings, may be litigated only in a separate action. (n)

Art. 241. Jurisdiction over the petition shall, upon proof of notice to the other spouse, be exercised by the proper court authorized to hear family cases, if one exists, or in the regional trial court or its equivalent, sitting in the place where either of the spouses resides. (n)

Art. 242. Upon the filing of the petition, the court shall notify the other spouse, whose consent to the transaction is required, of said petition, ordering said spouse to show cause why the petition should not be granted, on or before the date set in said notice for the initial conference. The notice shall be accompanied by a copy of the petition and shall be served at the last known address of the spouse concerned. (n)

Art. 243. A preliminary conference shall be conducted by the judge personally without the parties being assisted by counsel. After the initial conference, if the court deems it useful, the parties may be assisted by counsel at the succeeding conferences and hearings. (n)

Art. 244. In case of non-appearance of the spouse whose consent is sought, the court shall inquire into the reasons for his or her failure to appear, and shall require such appearance, if possible. (n)

Art. 245. If, despite all efforts, the attendance of the non-consenting spouse is not secured, the court may proceed ex parte and render judgment as the facts and circumstances may warrant. In any case, the judge shall endeavor to protect the interests of the non-appearing spouse. (n)

Art. 246. If the petition is not resolved at the initial conference, said petition shall be decided in a summary hearing on the basis of affidavits, documentary evidence or oral testimonies at the sound discretion of the court. If testimony is needed, the court shall specify the witnesses to be heard and the subject-matter of their testimonies, directing the parties to present said witnesses. (n)

Art. 247. The judgment of the court shall be immediately final and executory. (n)

Art. 248. The petition for judicial authority to administer or encumber specific separate property of the abandoning spouse and to use the fruits or proceeds thereof for the support of the family shall also be governed by these rules. (n)

### Chapter 3. Incidents Involving Parental Authority

Art. 249. Petitions filed under Articles 223, 225 and 235 of this Code involving parental authority shall be verified. (n)

Art. 250. Such petitions shall be filed in the proper court of the place where the child resides. (n)

Art. 251. Upon the filing of the petition, the court shall notify the parents or, in their absence or incapacity, the individuals, entities or institutions exercising parental authority over the child. (n)

Art. 252. The rules in Chapter 2 hereof shall also govern summary proceedings under this Chapter insofar as they are applicable. (n)

### Chapter 4. Other Matters Subject to Summary Proceedings

Art. 253. The foregoing rules in Chapters 2 and 3 hereof shall likewise govern summary proceedings filed under Articles 41, 51, 69, 73, 96, 124 and 217, insofar as they are applicable. (n)

## TITLE XII FINAL PROVISIONS

Art. 254. Titles III, IV, V, VI, VII, VIII, IX, XI and XV of Book I of Republic Act No. 386, otherwise known as the Civil Code of the Philippines, as amended, and Articles 17, 18, 19, 27, 28, 29, 30, 31, 39, 40, 41 and 42 of Presidential Decree No. 603, otherwise known as the Child and Youth Welfare Code, as amended, and all laws, decrees, executive orders, proclamations, rules and regulations, or parts thereof, inconsistent herewith are hereby repealed. (n)

Art. 255. If any provision of this Code is held invalid, all the other provisions not affected thereby shall remain valid. (n)

Art. 256. This Code shall have retroactive effect insofar as it does not prejudice or impair vested or acquired rights in accordance with the Civil Code or other laws. (n)

Art. 257. This Code shall take effect one year after the completion of its publication in a newspaper of general circulation, as certified by the Executive Secretary, Office of the President.

Publication shall likewise be made in the Official Gazette. (n)

Done in the City of Manila, this 6th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) **CORAZON C. AQUINO**  
President of the Republic of the Philippines

By the President:  
(Sgd.) **JOKER P. ARROYO**  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 210**

AMENDING EXECUTIVE ORDER NO. 603, ENTITLED “CREATING A LIGHT RAIL TRANSIT AUTHORITY, VESTING THE SAME WITH AUTHORITY TO CONSTRUCT AND OPERATE THE LIGHT RAIL TRANSIT (LRT) PROJECT AND PROVIDING FUNDS THEREFOR”

WHEREAS, Executive Order No. 603 created a corporate body known as the Light Rail Transit Authority;

WHEREAS, the reorganization of the Department of Transportation and Communications under Executive Order No. 125, as amended, renders necessary changes in the composition of the Board of Directors of the Authority, an agency attached to that body;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 3 of Executive Order No. 603 is hereby amended to read as follows:

“SECTION 3. Board of Directors. – The powers and functions of the Authority shall be vested in and exercised by the Board of Directors composed of the Secretary of Transportation and Communications as Chairman; the Secretary of Finance, the Secretary of Economic Planning, the Secretary of Public Works and Highways, the Secretary of Budget and Management, the Chairman of the Land Transportation Franchising and Regulatory Board, the Governor of the Metropolitan Manila Commission and the Administrator of the Authority, as ex-officio members; and one (1) representative from the private sector to be appointed by the President. The appointed director shall serve for a term of two (2) years.

The officials next in rank to, or such officials duly designated by the regular members shall serve as alternate members, except that, in the absence of the Chairman, the Board shall elect a temporary presiding officer. The alternate members shall attend meetings of the Board and committees assigned to them by their principals and receive the corresponding per diem, whenever their principals are absent or said positions are vacant.

The Chairman and each Member of the Board shall receive a monthly commutable representation allowance of ONE THOUSAND (₱1,000.00) PESOS and per diem of TWO HUNDRED (₱200.00) PESOS for every meeting of the Board actually attended: Provided, That the total amount of per diem which each may receive shall not exceed ONE THOUSAND (₱1,000.00) PESOS a month.

SECTION 2. Effectivity. This Executive Order shall take effect immediately.



Done in the City of Manila, this 7th day of July in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 211**  
**PRESCRIBING THE INTERIM PROCEDURES IN THE PROCESSING AND APPROVAL OF**  
**APPLICATIONS FOR THE EXPLORATION, DEVELOPMENT AND**  
**UTILIZATION OF MINERALS.**

WHEREAS, the 1986 Constitution places the exploration, development and utilization of natural resources under the full control and supervision of the State and allows the State to undertake activities relative thereto or to enter into co-production, joint venture, or production sharing agreements with Filipino citizens or corporations or associations at least sixty per centum of those capital is owned by such citizens;

WHEREAS, there are presently issued mining leases, licenses and/or permits or grants, as well as operating agreements and service contracts in relation to which the grantees, local and foreign, have already made huge investments in terms of money and equipments;

WHEREAS, there are pending new applications for such mining grants as well as applications for renewal of such grants and there will foreseeably be prospective applications for such grants;

WHEREAS, the mining industry plays a pivotal role in the economic development of the country and is a vital tool in the government's thrust of accelerated economic recovery, hence, it is imperative to formulate procedures to ensure the continuity of mining operations and activities, and to hasten the development of mineral resources;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby direct and order:

SECTION 1. Existing mining permits, licenses, leases and other mining grants issued by the Department of Environment and Natural Resources and Bureau of Mines and Geo-Sciences, including existing operating agreements and mining service contracts, shall continue and remain in full force and effect, subject to the same terms and conditions as originally granted and/or approved.

SECTION 2. Applications for the exploration, development and utilization of mineral resources, including renewal applications and applications for approval of operating agreements and mining service contracts, shall be accepted and processed and may be approved; concomitantly thereto, declarations of locations and all other kinds of mining applications shall be accepted and registered by the Bureau of Mines and Geo-Sciences.

SECTION 3. The processing, evaluation and approval of all mining applications, declarations of locations, operating agreements and service contracts as provided for in Section 2 above, shall be governed by Presidential Decree No. 463, as amended, other existing mining laws, and their implementing rules and regulations: Provided, However, that the privileges granted as well as the terms and conditions thereof shall be subject to any and all modifications or alterations which Congress may adopt pursuant to Section 2, Article XII of the 1986 Constitution.

SECTION 4. The Secretary shall promulgate the rules and regulations necessary to implement effectively the provisions of this Executive Order.

SECTION 5. If any provision of this Executive Order is held unconstitutional, the other provisions shall not be affected.

SECTION 6. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 10th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 212**  
**AMENDING PRESIDENTIAL DECREE NO. 169**

WHEREAS, Presidential Decree No. 169 requires medical practitioners to report the treatment of patients for serious and less serious physical injuries as defined in Articles 262, 263, 263 and 265 of the Revised Penal Code to the nearest Philippine Constabulary unit either personally or by the fastest means possible, under pain of penal and administrative sanctions;

WHEREAS, the said requirement was imposed during martial law to enable law enforcement agencies to keep track of all violent crimes, conduct timely investigation thereon and effect the immediate arrest of the perpetrators thereof;

WHEREAS, Presidential Decree No. 169, being premised on the existence of martial law, must yield to the people's mandate to restore democracy and to maintain the supremacy of civilian authority over the military;

WHEREAS, the duty to maintain peace and order in the community principally belongs to the law enforcement agencies, and although the cooperation of the citizenry, particularly the medical practitioners, may be enlisted for the common good, it would encroach upon their freedoms to compel them, under pain of penal and administrative sanctions, to make certain reports to the Philippine Constabulary, an entity that has no functional or administrative control or supervision or even regulatory powers over them;

WHEREAS, a requirement to report such treatment, but to civilian authorities, is needed to keep track of violent crimes;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Presidential Decree No. 169, dated April 4, 1973, is hereby amended as follows:

“SECTION 1. The attending physician of any hospital, medical clinic, sanitarium or other medical establishments, or any other medical practitioner, who has treated any person for serious or less serious physical injuries as these injuries are defined in Articles 262, 263, 264 and 265 of the Revised Penal Code shall report the fact of such treatment promptly to the nearest government health authority: Provided, That no fee shall be charged for the transmission of such report through government communication facilities: Provided, further, That records of the reports kept by said health authorities shall, upon written request, be made available to law enforcement agencies.

“SECTION 2. The report called for in this Decree shall indicate, when practicable, the following:

- a) the name, age and address of the patient;
- b) the name and address of the nearest of kin of the patient;
- c) the name and address of the person who brought the patient for medical treatment;

- d) the nature and probable cause of the patient's injury;
- e) the approximate time and date when the injury was sustained;
- f) the place where the injury was sustained;
- g) the time, date and nature of the treatment; and
- h) the diagnosis, the prognosis and/or disposition of the patient.

“SECTION 3. The Secretary of Health, in consultation with the Philippine Constabulary, shall promulgate the rules and regulations necessary to carry out the purposes of this Act.

“SECTION 4. Any violation of this Act or of the aforesaid rules and regulations issued by the Secretary of Health, in consultations with the Philippine Constabulary, shall be punished administratively with a fine that shall not be less than One Hundred Pesos (₱100.00) nor more than Five Hundred Pesos (₱500.00). In addition, the license or permit of the attending physician shall be cancelled upon the third violations of this Act or of its implementing rules and regulations.

The Board of Medicine shall have the original and exclusive jurisdiction to investigate, hear and decide, upon due notice, all cases of violations of this Act or of its implementing rules and regulations, subject to review by the Professional Regulation Commission when seasonably appealed thereto.”

SECTION 2. All laws, decrees, proclamations and instructions or parts thereof inconsistent herewith are hereby repealed or modified accordingly.

SECTION 3. This Executive Order shall take effect immediately.

Done in the City of Manila, this 10th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 213**  
**AMENDING THE DEFINITION OF “BULK CONTAINERS” FOR MILK IMPORTS AS**  
**PROVIDED FOR IN EXECUTIVE ORDER NO. 49**

WHEREAS, IT IS THE INTENT UNDER EXECUTIVE ORDER No. 49 TO GRANT A LOWER TARIFF (10% AD VALOREM) TO MILK IMPORTED IN BULK CONTAINERS VIS-A-VIS MILK IMPORTED IN RETAIL CONTAINERS (20% AD VALOREM);

WHEREAS, MILK IMPORTED IN BULK CONTAINERS IS DEFINED UNDER EXECUTIVE ORDER No. 49 AS HAVING A GROSS WEIGHT OF AT LEAST 25 KGS., THE STANDARD UNIT OF PACKING OF THE COUNTRY’S TRADITIONAL SUPPLIERS SUCH AS EUROPE/AUSTRALIA AND NEW ZEALAND;

WHEREAS, PRESENT PHILIPPINE STANDARDS ON RADIOACTIVE CONTAMINATION REQUIRE THE MILK INDUSTRY TO LOOK FOR ALTERNATIVE SOURCES OF SUPPLY OF MILK SUCH AS THE UNITED STATES, WHOSE STANDARD UNIT OF PACKING IS 50 LBS. OR ABOUT 22.7 KGS.;

NOW, THEREFORE, I, CORAZON C. AQUINO, PRESIDENT OF THE PHILIPPINES, DO HEREBY ORDER:

SECTION 1. THE DEFINITION OF “BULK CONTAINERS” FOR MILK IMPORTS AS PROVIDED IN EXECUTIVE ORDER No. 49 IS HEREBY AMENDED TO READ AS FOLLOWS:

<u>CCCN Hdg. No.</u>	<u>DESCRIPTION</u>	<u>RATE OF DUTY</u>
04.02	MILK AND CREAM, PRESERVED, CONCENTRATED OR SWEETENED:	
100	x x x x	
200	MILK (OTHER THAN WHEY), IN POWDER OR GRANULES CONTAINING NOT MORE THAN 1.5% BY WEIGHT OF FAT:	
210	IN BULK CONTAINERS OF GROSS WEIGHT 20 KGS. OR MORE.....	ad val. 10%
290	x x x x	

SECTION 2. UPON EFFECTIVITY OF THIS EXECUTIVE ORDER, THE ABOVE ARTICLE WHICH IS ENTERED OR WITHDRAWN FROM WAREHOUSES IN THE PHILIPPINES FOR CONSUMPTION SHALL BE SUBJECT TO THE RATE OF IMPORT DUTY HEREIN PRESCRIBED.

SECTION 3. THE RATES OF IMPORT DUTY AND THE CLASSIFICATIONS OF OTHER ARTICLES UNDER EXECUTIVE ORDER No. 49 WHICH ARE NOT AFFECTED BY BY THE PROVISIONS OF SECTION 1 HEREOF SHALL REMAIN IN FULL FORCE AND EFFECT.

SECTION 4. ALL LAWS, ORDERS, ISSUANCES, RULES AND REGULATIONS OR PARTS THEREOF INCONSISTENT WITH THIS EXECUTIVE ORDER ARE HEREBY REPEALED OR MODIFIED ACCORDINGLY.

SECTION 5. THIS EXECUTIVE ORDER SHALL TAKE EFFECT IMMEDIATELY.

DONE IN THE CITY OF MANILA, THIS 10th DAY OF July, IN THE YEAR OF OUR LORD, NINETEEN HUNDRED AND EIGHTY-SEVEN.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
EXECUTIVE SECRETARY

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 214**  
**FURTHER AMENDING ARTICLE 29 OF THE REVISED PENAL CODE, AS AMENDED**

WHEREAS, Executive Order No. 59 dated November 7, 1986, amended by Executive Order No. 191 dated June 10, 1987, repealed Presidential Decrees Nos. 1836, 1877 and 1877-A, and the rules, regulations and instructions issued to implement the aforesaid decrees;

WHEREAS, consistent with the foregoing, the exception of any detention by virtue of an arrest, search and seizure order (ASSO), from the rule in the last paragraph of Article 29 of the Revised Penal Code, as amended by Batas Pambansa Blg. 85, is deemed to have likewise been repealed impliedly;

WHEREAS, to erase any doubt, the express repeal of such exception is necessary;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Article twenty-nine of the Revised Penal Code, as amended, is hereby further amended to read as follows:

“ART. 29. Period of preventive imprisonment deducted from term of imprisonment. – Offenders or accused who have undergone preventive imprisonment shall be credited in the service of their sentence consisting of deprivation of liberty, with the full time during which they have undergone preventive imprisonment, if the detention prisoner agrees voluntarily in writing to abide by the same disciplinary rules imposed upon convicted prisoners except in the following cases:

1. When they are recidivists, or have been convicted previously twice or more times or any crime; and
2. When upon being summoned for the execution of their sentence they have failed to surrender voluntarily.

If the detention prisoner does not agree to abide by the same disciplinary rules imposed upon convicted prisoners, he shall be credited in the service of his sentence with four-fifths of the time during which he has undergone preventive imprisonment.

Whenever an accused has undergone preventive imprisonment for a period equal to or more than the possible maximum imprisonment of the offense charged to which he may be sentenced and his case is not yet terminated, he shall be released immediately without prejudice to the continuation of the trial thereof or the proceeding on appeal, if the same is under review. In case the maximum penalty to which the accused may be sentenced is destierro, he shall be released after thirty (30) days of preventive imprisonment.”



Done in the City of Manila, this 10th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 215**  
**AMENDING PRESIDENTIAL DECREE NO. 40 AND ALLOWING THE PRIVATE SECTOR TO**  
**GENERATE ELECTRICITY**

WHEREAS, Presidential Decree No. 40 places the responsibility of setting up transmission line grids and the construction of associated generation facilities in Luzon, Visayas, Mindanao and the major islands of the country to the National Power Corporation (NPC);

WHEREAS, the generation of electricity, unlike the transmission and distribution of electricity, is not a natural monopoly and can be undertaken by more than one entity;

WHEREAS, the government, as a matter of policy, is encouraging the private sector to participate in economic development and has started to disengage in areas which can be adequately handled by the private sector;

WHEREAS, the generation of electricity by the private sector can provide a means of increasing power capacity to meet the projected increase in power demand in the future without in any way requiring financial assistance or guarantee from the government;

WHEREAS, there is, on the other hand, an imperative need to rationalize the development of energy resources and the operation of electric generating facilities in the power grid;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The strategic and rational development of the country's power grids shall be the responsibility of the National Power Corporation. Accordingly, the setting up of transmission line grids and the construction of associated generating facilities in Luzon, Visayas and Mindanao, including the major islands of the country, to meet the power demand, shall be the responsibility of the National Power Corporation. However, private corporations, cooperatives or similar associations shall be allowed to construct and operate the following types of electric generating plants, subject to the rules and regulations hereinafter adopted in accordance with Section 2 hereof:

- a) Cogeneration units, defined as the production of electric energy and forms of useful thermal energy (such as heat or steam), used for industrial, commercial, heating or cooling purposes through sequential use of energy;
- b) Electric generating plants intending to sell their production to the grids, consistent with the developmental plans formulated by the National Power Corporation;
- c) Electric generating plants, intended primarily for the internal use of the owner, which also plan to sell excess production to the grids; and
- d) Electric generating plants, outside the National Power Corporation grids, intending to sell directly or indirectly to end-users.

SECTION 2. Rules and regulations to govern private sector involvement in power generation shall be formulated by the National Power Corporation for areas within the National Power Corporation grids, and the National Electrification Administration for areas outside the National Power Corporation grids. Such rules and regulations shall be made subject to consultation with

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concerned agencies including the private sector and the approval of the Office of Energy affairs. These rules and regulations shall include the following:

- a) Qualifications for accrediting private sector generators;
- b) Procedures for applying for accreditation as a private sector generator of electricity;
- c) Obligations of private sector generators which shall include efficiency standards to ensure reliability of power supply and the corresponding penalties for failure to comply with said standards;
- d) Terms and conditions for the purchase or for the transmission/distribution, as the case may be, of electricity generated by the non-National Power Corporation entities; and
- e) Other matters which shall be necessary to implement this Order.

SECTION 3. The Office of Energy Affairs shall take the necessary measures to ensure that the provisions of this Order are made effective.

SECTION 4. The Department of National Defense shall assist the National Power Corporation, the private utilities and the electric cooperatives in providing security to the generating plants to prevent power black-outs, and in instituting the necessary safeguards in cases of emergencies, including the training of Armed Forces of the Philippines personnel in power generation operations.

SECTION 5. Numbers 2, 4, 5 and 6 of Presidential Decree No. 40 are hereby amended accordingly. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 6. This Executive Order shall take effect fifteen (15) days after the issuance of the rules and regulations for the implementation of this Executive Order.

Done in the City of Manila, this 10th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 216**  
**DECLARING THE EFFECTIVITY OF THE CREATION OF A JUDICIAL AND BAR COUNCIL**  
**AS PROVIDED FOR IN THE 1987 CONSTITUTION.**

WHEREAS, the 1987 Constitution has created a Judicial and Bar Council;  
NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. The Judicial and Bar Council as provided for under Section 8(1), Article VIII, of the 1987 Constitution is hereby created to be now in existence.

SECTION 2. The Judicial and Bar Council created under the supervision of the Supreme Court shall be composed of the Chief Justice as ex-officio Chairman, the Secretary of Justice, and a representative of the Congress as ex-officio Members, a representative of the Integrated Bar, a professor of law, a retired member of the Supreme Court, and a representative of the private sector.

SECTION 3. The regular Members of the Council shall be appointed by the President for a term of four years with the consent of the Commission on Appointments. Of the Members first appointed, the representative of the Integrated Bar shall serve for four years, the professor of law for three years, the retired Justice for two years, and the representative of the private sector for one year.

SECTION 4. The Clerk of Court of the Supreme Court shall be the Secretary ex-officio of the Council and shall keep a record of its proceedings.

SECTION 5. The regular Members of the Council shall receive such emoluments as may be determined by the Supreme Court. The Supreme Court shall provide in its annual budget the appropriations for the Council.

SECTION 6. The Council shall have the principal function of recommending appointees to the Judiciary. It may exercise such other functions and duties as the Supreme Court may assign to it.

SECTION 7. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 8. This Executive Order shall take effect immediately.

Done in the City of Manila, this 10th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 217**  
**FURTHER AMENDING SECTION 5 OF REPUBLIC ACT NO. 776, AS AMENDED**

WHEREAS, the reorganization of the Department of Transportation and Communications under Executive Order No. 125, as amended, renders necessary changes in the composition of the Civil Aeronautics Board, an agency attached to that Department;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 5 of Republic Act No. 776, as amended, is hereby further amended to read as follows:

“SEC. 5. Composition of the Board. The Civil Aeronautics Board shall be composed of the Secretary of Transportation and Communications or his designated representative as Chairman, the Assistant Secretary for Air Transportation of the Department of Transportation and Communications as Vice-Chairman, the Commanding General of the Philippine Air Force and two (2) members to be appointed by the President of the Philippines. They shall hold office at the pleasure of the President.

No member of the Board shall have any pecuniary interest in, or own any stock or bond of, any civil aeronautics enterprise.”

SECTION 2. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 3. This Executive Order shall take effect immediately.

Done in the City of Manila, this 10th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 218**

EXTENDING THE APPLICABILITY OF PRESIDENTIAL DECREE NO. 1961, AS AMENDED,  
TO THE 1987-1992 PHILIPPINE FINANCING PACKAGE AND THE FOREIGN CURRENCY  
LOANS, CREDITS AND INDEBTEDNESS MADE, GUARANTEED OR INSURED BY FOREIGN  
GOVERNMENTS AND THEIR AGENCIES MATURING ON OR AFTER JANUARY 1, 1987  
THROUGH DECEMBER 31, 1992, SUBJECT TO LIMITATIONS

WHEREAS, Presidential Decree No. 1961 dated January 11, 1985, as amended by Presidential Decree No. 1977 dated June 21, 1985 authorized the President of the Philippines, on behalf of the Republic of the Philippines, and the Central Bank of the Philippines, to enter into foreign currency loan, deposit and guarantee agreements and arrangements;

WHEREAS, the Philippines recently concluded a multilateral arrangement for a rescheduling of certain outstanding credits made, guaranteed or insured by foreign governments and their agencies, and arrangements for the restructuring of the outstanding commercial bank debt of the Philippines, which obligations were all incurred before February 25, 1986;

WHEREAS, the terms of the negotiation would require the extension of the coverage of Presidential Decree No. 1961, as amended, with limitations, to the above arrangements and the implementation thereof;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Subject to the limitations of the 1987 Constitution, the provisions of Presidential Decree No. 1961, as amended by Presidential Decree No. 1977, are hereby reiterated and extended to apply to (a) the 1987-1992 Philippine Financing Package embodied in the communication from the Secretary of Finance and the Governor of the Central Bank of the Philippines to the international banking community dated March 27, 1987, which includes external public debt obligations of Philippine borrowers owed to commercial banks with maturities falling due during the period from January 1, 1987 through December 31, 1992; and (b) foreign currency loans, credits and indebtedness made, guaranteed or insured by foreign governments and their agencies maturing on or after January 1, 1987 through December 31, 1992, the restructuring or refinancing of which is contemplated in the aforesaid Philippine Financing Package.

SECTION 2. This Executive Order shall take effect immediately.

Done in the City of Manila, this 14th day of July, in year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.



MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 219**  
**APPROPRIATING FUNDS FOR THE SETTLEMENT OF THE LETTER OF UNDERTAKING**  
**DATED MAY 18, 1985, AND FOR OTHER PURPOSES.**

WHEREAS, Planters Products, Inc., (PPI) has been a major importer and distributor of fertilizers and pesticides and other agricultural chemicals in the Philippines;

WHEREAS, PPI is heavily indebted to foreign creditors;

WHEREAS, PPI is currently encountering financial difficulties which adversely affect its operations, viability and ability to meet its obligations to its foreign creditors;

WHEREAS, its foreign creditors now acquire the Philippine Government to ensure the rehabilitation and financial viability of PPI pursuant to a Letter of Undertaking (LOU) issued by the Philippine Government on May 18, 1985, so that PPI shall be able to meet its obligations to its foreign creditors;

WHEREAS, the said LOU potentially exposes the Philippine Government to liabilities in excess of the amount owed by PPI to its foreign creditors;

WHEREAS, the present circumstances require the Philippine Government to accept a compromise arrangement calling for a 12.5% principal condonation of PPI's foreign obligations to its foreign creditors, which arrangement shall include the appropriation of funds to be used in redeeming the LOU from the foreign creditors;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The sum of ₱620 million is hereby appropriated out of the General Fund in the National Treasury not otherwise appropriated which is necessary for the government to enter into a compromise payment so that it will be able to redeem said LOU thereby permanently settling any issue or problem with the beneficiaries/holders of said LOU.

SECTION 2. Considering the adverse financial condition of PPI, the Secretary of Agriculture is hereby authorized to effect a write-off of the receivables of NFAC from PPI in the amount of ₱170 million plus whatever interest/charges may have accrued.

SECTION 3. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 4. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 14th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 220**  
**CREATING A CORDILLERA ADMINISTRATIVE REGION, APPROPRIATING FUNDS**  
**THEREFOR AND FOR OTHER PURPOSES**

WHEREAS, pursuant, to Section 1, Article X of the 1987 Constitution, there shall be created an autonomous region in the Cordilleras;

WHEREAS, Section 15, Article X of the Constitution provides that the autonomous region in the Cordilleras shall consist of provinces, cities, municipalities and geographical areas sharing common and distinctive historical and cultural heritage, economic and social structures, and other relevant characteristics within the framework of the Constitution and the national sovereignty as well as territorial integrity of the Republic of the Philippines;

WHEREAS, pursuant to Section 6, Article XVIII of the Constitution, the President has the power to continue to exercise legislative powers until the first Congress is convened;

WHEREAS, pursuant to Section 14, Article X of the Constitution, the President shall provide for regional development councils or other similar bodies composed of local government officials, regional heads of departments and other government offices, and representatives from non-governmental organizations within the regions for purposes of administrative decentralization to strengthen the autonomy of the units therein and to accelerate the economic and social growth and development of the units in the region;

WHEREAS, the incumbent President is sympathetic to the common desire of the peoples of the Cordilleras to be immediately granted meaningful participation in the conduct of their affairs, in order to enable them to prepare for regional autonomy;

WHEREAS, the constitutional mandate for the creation of an autonomous region in the Cordilleras has been preceded by the movement for local autonomy and administrative decentralization before and since the period of authoritarian rule (September 1972 – February 1986), as manifested by the work of the 1971 Constitutional Convention, the 1976 resolution of governors and other leaders from the Cordilleras, and finally the regional autonomy representations at the 1986 Constitutional Commission;

WHEREAS, on September 13, 1986, the President of the Philippines met with the representatives of the Cordillera Bodong Administration and the Cordillera People's Liberation Army, presided over the alasiw (exchange of peace tokens) to signify the sipat (cessation of hostilities), and acknowledged their aspirations for Cordillera autonomy;

WHEREAS, the immediate creation of a Cordillera Administrative Region is a sound and reasonable measure by which the peoples of the Cordilleras can immediately participate in the pursuit of peace and development and enjoy the benefits thereof;

WHEREAS, the Constitution envisions the building of a just and humane society, and the National Government is pursuing the goals of national reconciliation, peace, unity and development in the country;

WHEREAS, pending the convening of the first Congress and the enactment of the organic act for a Cordillera autonomous region, there is an urgent need, in the interest of national security and public order, for the President to reorganize immediately the existing administrative structure in the

Cordilleras to suit it to the existing political realities therein and the Government's legitimate concerns in the areas, without attempting to pre-empt the constitutional duty of the first Congress to undertake the creation of an autonomous region on a permanent basis;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree:

SECTION 1. Cordillera Administrative Region.

-- There is hereby created a Cordillera Administrative Region, hereinafter referred to as the CAR.

SECTION 2. Territorial Coverage. -- For purposes of the CAR, the region shall consist of the provinces of Abra, Benguet, Ifugao, Kalinga-Apayao and Mt. Province and the chartered city of Baguio. Until otherwise provided by the Cordillera Executive Board (CEB), the seat of the CAR shall be Baguio City. The National Government shall provide appropriate offices therefor.

SECTION 3. Purposes -- The CAR shall have the following purposes:

- (a) Administer the affairs of government in the region as defined in Sections 4 and 5 below;
- (b) Accelerate the economic and social growth and development of the units of the region; and
- (c) Prepare for the establishment of the autonomous region in the Cordilleras.

SECTION 4. Scope of Authority and Responsibility -- The CAR shall have authority and responsibility in the region over the following:

- (a) Regional administrative system;
- (b) Economic, social and cultural development;
- (c) Agricultural, commercial and industrial development and promotion of tourism;
- (d) Infrastructure development;
- (e) Urban and rural development, protection of ancestral domain and land reform;
- (f) Regional educational system, including the establishment and maintenance of educational institutions and the formulation of educational policies to cultivate the indigenous Cordillera cultures and inculcate traditional values;
- (g) Health, sports, welfare and social services;
- (h) Development of indigenous laws and political institutions, particularly those of direct democracy and collective leadership, as well as the promotion of indigenous institutions and processes for conflict resolution and dispute settlement;
- (i) Preservation and enhancement of indigenous customs, traditions, languages and cultures;
- (j) Strengthening of the bodong system of tribal unity and cooperation;
- (k) Protection and preservation of the cultural identity, values, mores and norms of the various ethno-linguistic groups in the Cordilleras;
- (l) Promotion of social justice and protection of human rights, particularly the rights of women, children, the elderly and disadvantaged groups, as well as the rights of people's organizations; and
- (m) Such other matters as may be authorized by law or delegated by the President for the promotion of the general welfare.

SECTION 5. Powers and Functions -- The CAR shall coordinate the planning and implementation of programs and services in the areas enumerated in Section 4. Accordingly, it shall be vested with, among others, the following powers and functions:

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- (a) Coordinate with the local government units as well as with the executive departments of the National Government in the supervision of field offices and in identifying, planning, monitoring, and accepting projects and activities in the region;
  - (b) Appoint, supervise, control and discipline personnel of the CAR and of such other offices as may be funded by it;
  - (c) Manage and control funds, facilities and equipment appropriated for the CAR;
  - (d) Advise the National Government on matters affecting the Cordilleras;
  - (e) Undertake studies towards codifying the customary laws of the tribes, including the pagtas of the bodong system; and
  - (f) Promulgate and implement resolutions, rules and regulations necessary to achieve effectively the purposes of this Executive Order and to carry out the powers and functions of the CAR.

SECTION 6. Peace and Regional Security. – Within the framework of the Constitution and applicable laws, the restoration and maintenance of peace within the region shall be a major concern of the CAR.

A regional security force shall be organized to assist in the defense and security of the region subject to guidelines issued for this purpose by the President after consultations with the CAR, other organizations, and appropriate agencies of the Government.

The defense and security of the region shall be the responsibility of the National Government.

SECTION 7. Structure of the CAR. -- The CAR shall have a Cordillera Regional Assembly and a Cordillera Executive Board.

SECTION 8. The Cordillera Regional Assembly. -- Within the framework of the Constitution, laws and policies of the National Government, the Cordillera Regional Assembly shall be the policy-formulating body which shall articulate and harmonize the interests and aspirations of the peoples of the Cordilleras. It shall be composed of not more than two hundred fifty (250) representatives to be appointed according to the following guidelines:

- (a) Each municipality shall have one (1) representative;
- (b) Baguio City shall have ten (10) representatives;
- (c) The non-governmental organizations shall be entitled to a total of eighteen (18) representatives twelve (12) of whom shall come from the major non-governmental organizations in the region to be determined according to the size of their membership and six (6) from province-based non-governmental organizations;
- (d) Each tribe shall send to the Assembly one (1) representative.

Tribal representatives shall be chosen by the tribes in a manner consonant with the Constitution and in harmony with the indigenous decision-making processes in the Cordilleras.

The Assembly shall be headed by a Chairman who shall be appointed by the President from among its members. The Chairman shall be the titular head of the CAR.

The President shall also appoint members from non-governmental organizations as well as representatives of the municipalities and of Baguio City upon nomination of their respective municipal and city councils.

SECTION 9. Sessions. -- The Assembly shall convene once every year for a five-day regular session starting on the 24th day of April provided, however, that a regular session shall be held in 1987.

The Chairman may call a special session as may be necessary. A special session may also be convened upon the initiative of the majority of all the members of the Assembly.

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During the regular session, the Assembly shall:

- a) Discuss the annual report of the Executive Board and the proposed budget for the CAR;
- b) Initiate plans and programs for the Cordilleras;
- c) Discuss and resolve, inter-tribal issues and conflicts;
- d) Formulate policies affecting the Cordilleras consistent with national and local laws; and
- e) Identify priority projects and development programs for the region.

The decisions of the Assembly shall be implemented by the Cordillera Executive Board.

SECTION 10. The Cordillera Executive Board. -- The Cordillera Executive Board shall be the development body and implementing arm of the CAR. The President shall appoint the twenty-nine (29) regular members of the Board as follows: (a) Mayor of Baguio City and the five (5) Governors of the provinces enumerated in Section 2; (b) six (6) representatives from the Cordillera Bodong Administration, one of whom shall be its chief executive; (c) twelve (12) representatives from the different ethno-linguistic groups in the Cordilleras; and (d) five (5) representatives from non-governmental organizations.

All regional directors of the line departments of the National Government shall be non-voting ex-officio members of the Executive Board.

SECTION 11. Executive Director. -- The Cordillera Executive Board shall be headed by a full-time Executive Director who shall be appointed by the President from among its regular members.

The Executive Director shall have the following functions:

- (a) Act on behalf of the President as Chief Executive Officer of the CAR;
- (b) Preside over the meetings of the Executive Board;
- (c) Initiate the proposed budget and annual report for the CAR for the approval of the Executive Board;
- (d) Supervise, control and discipline personnel of the Executive Board and of such other offices as may be funded by it;
- (e) Coordinate and supervise the Executive Committees and the Cordillera Bodong Administration; and
- (f) Perform all other functions assigned by law, the President, the Cordillera Regional Assembly or the Executive Board.

SECTION 12. The Executive Committees. -- The Cordillera Executive Board may create executive committees to assist in the implementation of its powers and functions. Each committee shall be headed by a member of the Executive Board.

SECTION 13. The Cordillera Bodong Administration. -- The Cordillera Bodong Administration shall be incorporated into the CAR as a commission and shall hereinafter be referred to as the CBA. In the territorial units where it is effective, the CBA shall have the following powers and responsibilities:

- (a) Promote respect for the customs and usages of the tribes concerned;
  - (b) Foster unity among the various communities in the Cordilleras and promote regional confederation;
  - (c) Observe the traditional practice of direct democracy and collective leadership in the Cordilleras within the context of and in harmony with administrative mechanisms of the National Government;
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- (d) Preserve and develop the communal social order and economic system;
- (e) Perform all functions of the executive committees referred to in Section 12; and
- (f) Perform such other functions as may be determined by the Executive Board.

The definition and identification of the territorial units of the CBA shall be submitted to and confirmed by the Executive Board and adopted by the Assembly.

The CBA shall be supervised by and be responsible to the Cordillera Executive Board.

SECTION 14. CBA Budget. -- The CAR, through the Executive Board, shall allocate part of its budget for the operation of the CBA.

SECTION 15. Compensations. -- The Chairman and members of the Assembly as well as the Executive Director and members of the Executive Board shall receive allowances and per diems as determined by the President in accordance with existing laws and regulations. The city mayor and governors who are members of the Board shall receive additional emoluments as may be allowed by law.

The Chairman of the Assembly shall receive such additional allowances as may be necessary to perform the functions of his office.

The Executive Director and the heads of the Executive Committees shall receive an annual compensation to be determined by the Executive Board.

SECTION 16. Civil Service Rules and Regulations. -- For purposes of the CAR, exemptions from Civil Service rules and regulations may be provided by the Civil Service Commission.

SECTION 17. Period of Existence. -- The CAR and its Assembly and Executive Board shall exist until such time as the autonomous regional government shall have been established and organized under an organic act passed by Congress in accordance with Section 18, Article X of the Constitution.

SECTION 18. Term of Office. -- The term of office of the members and officers of the Assembly and Executive Board shall be coterminous with the period of existence of the CAR.

The city mayor, the governors, and the regional directors shall hold office as members of the Executive Board only during the term for which they were elected and/or appointed.

SECTION 19. Rules of Procedure. -- The Assembly and the Executive Board shall each adopt by a majority vote of their members their own rules of procedure as well as rules and regulations on discipline and privileges. They shall also prescribe rules and regulations regarding internal organization, sessions, meetings and quorum.

SECTION 20. Projects. -- The CAR, through its Executive Board, shall monitor the implementation of all on-going national and local government projects in the region within the purview of Section 5(a) hereof.

SECTION 21. Appropriations and Funds. -- There is hereby appropriated from available funds of the National Treasury the amount of five (5) million pesos for the operation of the CAR for the fiscal year 1987. Thereafter, an annual appropriation for its budget shall be included in the General Appropriations Act.

The President and appropriate national departments and agencies shall make available sources of funds for priority physical, social and economic development programs and projects as recommended by the CAR.

The collection, custody, use and disbursement of public funds in the CAR shall be governed by its resolutions, rules and regulations of the Executive Board consonant with national laws, rules and regulations.

SECTION 22. Taxes and Resources. -- The CAR shall receive an equitable share of the taxes and other government revenues generated in the CAR territorial coverage. For this purpose, as part

of the BIR allotment in the region, the CAR and the local government units within the Cordillera Administrative Region's territorial coverage shall have at least fifty percent (50%) share of such taxes and other government revenues to be distributed as follows: ten percent (10%) to barangays, ten percent (10%) to municipalities, fifteen percent (15%) to provinces or cities, fifteen percent (15%) to the CAR.

To ensure proper implementation of the principle of equitable sharing, the President shall direct the Department of Finance and appropriate national departments and agencies to coordinate with the CAR.

SECTION 23. Grants, Donations, Gifts. – Within the framework of pertinent laws and regulations, the CAR shall be authorized to receive grants, donations or gifts, provided that such grants, donations or gifts shall be administered, obligated and disbursed in accordance with the terms thereof, or in the absence of such terms, in such manner as a majority of the Executive Board may determine.

SECTION 24. Relationship with the National Government. -- The President shall have the power of general supervision over the CAR and the local government units therein and shall issue the appropriate guidelines therefor. The President may also call upon the appropriate executive departments and agencies of the National Government to assist the CAR as may be necessary.

The Executive Director shall submit a semi-annual report to the President.

SECTION 25. Transitory Provisions. --

1) The Executive Board shall conduct a study on the territorial coverage of the Cordillera autonomous region to be established under an organic act to be passed by Congress under Sections 15 and 18, Article X, of the Constitution. This territorial coverage may include provinces, cities, municipalities, and geographic areas contiguous to the territory defined herein under Section 2.

2) The President may call upon the Assembly to assist her in constituting the Cordillera Regional Consultative Commission.

Consonant with Section 3 (c) hereof, the CAR shall contribute in a meaningful and appropriate manner to the work of the Cordillera Regional Consultative Commission and in the preparation of the organic act by Congress for the Cordillera autonomous region.

3) Pursuant to Section 2, the main offices of the CAR shall be located at the Cordillera House in Baguio City until otherwise determined by the Cordillera Executive Board.

SECTION 26. Separability Clause. – The provisions of this Executive Order are hereby declared to be separable, and in the event any one or more of such provisions are held unconstitutional, such shall not affect the validity of other provisions.

SECTION 27. Repealing Clause. – For purposes of the CAR and for the duration of its existence, and all laws, acts, presidential decrees, executive orders, proclamations and/or administrative regulations which are inconsistent with this Executive Order are hereby repealed, amended or modified accordingly.

SECTION 28. Effectivity. This Executive Order shall take effect immediately upon signing and publication as required by law.



DONE in the City of Manila, this 15th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) **CORAZON C. AQUINO**  
President of the Philippines

By the President:  
(Sgd.) **JOKER P. ARROYO**  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 221**  
**AUTHORIZING THE EXPORTATION OF CERTAIN KINDS OF BUNTAL FIBERS AND**  
**FILAMENTS, AND FOR OTHER PURPOSES**

WHEREAS, the exportation of certain kinds of buntal fibers and filaments will encourage the growers of buri and the producers of buntal fibers and filaments to develop and enhance the industry;

WHEREAS, the aforesaid exportation will also contribute to the country's foreign exchange earnings;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The exportation of netted, coarse and fine buntal fiber and filaments as well as those measuring less than 60 centimeters in length, which are unfit for making buntal hats and bags, and any kind of buntal fibers and filaments in excess of the demand of the local weavers, is hereby authorized.

SECTION 2. The Department of Agriculture, through its appropriate Authority, is hereby authorized to process and approve any application for clearance for export of any buntal fibers and filaments in accordance with this Executive Order. For this purpose, the Department shall consult periodically with producers and weavers of buntal fibers and filaments in ascertaining the supply and demand of such kinds of buntal fibers and filaments.

SECTION 3. The Secretary of Agriculture is hereby authorized to promulgate the necessary rules and regulations to implement this Executive Order.

SECTION 4. Republic Act No. 4666, as amended, is hereby further amended accordingly. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 5. This Executive Order shall take effect immediately.

Done in the City of Manila, this 15th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 222**  
**PROVIDING FOR A NEW PERIOD FOR THE APPLICATION OF EXECUTIVE ORDER NO. 107**  
**DATED DECEMBER 24, 1986**

WHEREAS, Executive Order No. 107 dated December 24, 1986 provides for the surrender of unlicensed or loose firearms, ammunition or explosives without incurring criminal liability therefor, with the privilege of applying for a license to possess the same if qualified, and if not, to sell the same to qualified entities or individuals;

WHEREAS, pursuant to the aforesaid Executive Order, the surrender of loose firearms, ammunition or explosives with the accompanying privilege ceased to be effective six (6) months after the effectivity of the Executive Order;

WHEREAS, there are numerous request for the extension of the effectivity of this aforementioned Executive Order so that they may avail of the beneficial provisions thereof;

WHEREAS, the government is intent on minimizing, if not eradicating possession of loose or unlicensed firearms, ammunition and explosives and legitimizing possession thereof to law-abiding citizens of the country;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Holders of unlicensed or loose firearms, ammunitions or explosives qualified to surrender the same under Executive Order No. 107 are hereby granted until December 31, 1987 within which to surrender the same.

SECTION 2. The provisions of Executive Order No. 107 not inconsistent with this Executive Order shall remain in force and effect.

SECTION 3. All rules and regulations in the implementation of the aforesaid Executive Order are made applicable in the implementation of this Executive Order.

SECTION 4. This Executive Order shall take effect immediately.

Done in the City of Manila, this 15th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 223**

**VESTING ON THE PHILIPPINE NATIONAL OIL COMPANY (PNOC) THE JURISDICTION, CONTROL, MANAGEMENT, PROTECTION, DEVELOPMENT AND REHABILITATION OVER THE WATERSHED AREAS OF GEOTHERMAL RESERVATIONS WHERE PNOC HAS GEOTHERMAL PROJECTS, PLANTS, AND PROPERTIES.**

WHEREAS, indigenous geothermal resource is an energy alternative that can provide a principal energy supply to boost the country's economy;

WHEREAS, the Government has declared some geothermal rich areas of the country as geothermal reservations under the jurisdiction and control of the Office of Energy Affairs (OEA) through the National Power Corporation (NPC) pursuant to Presidential Decree 1515 and 1749;

WHEREAS, PNOC has substantially invested in the development of the Tongonan, Palinpinon and Bacon-Manito geothermal fields and presently supplies geothermal steam to the geothermal power plants in Tongonan and Palinpinon;

WHEREAS, being a major developer of this vital energy alternative, it is the inherent responsibility of PNOC to protect and manage the watershed areas surrounding the geothermal resource to ensure the sustained steam supply to government power plants;

WHEREAS, PNOC was deputized by OEA under MOE Order 83-06-15 in conjunction with P.D. 1749 to undertake the management, protection, development and rehabilitation of the watershed areas of Tongonan, Palinpinon, and Bacon-Manito Geothermal Reservations;

WHEREAS, PNOC has in place an efficient logistics network and an established and qualified watershed management body currently undertaking the protection, rehabilitation, and development of these reservations;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby direct:

Section 1. PNOC shall have jurisdiction, control and management, and shall be responsible for the protection, development and rehabilitation of the watershed areas surrounding the following geothermal reservations:

- (a) Tongonan Geothermal Reservation pursuant to Presidential Proclamation No. 112;
- (b) Palinpinon Geothermal Reservation pursuant to Presidential Decree No. 1413;
- (c) Bacon-Manito Geothermal Reservation pursuant to Presidential Proclamation No. 2036-A;
- and
- (d) Other Geothermal Reservations as may be discovered, identified, determined, and to be developed by PNOC, and proclaimed by the President of the Philippines.

Section 2. To effectively accomplish this mandate, PNOC shall exercise jurisdiction and control over the aforesaid watershed areas including but not limited to the performance of the following acts:

- (a) Enforcement of forestry laws, rules and regulations within said watershed areas;
- (b) Identification of areas which require immediate rehabilitation and development;

- 
- (c) Preparation of plans and programs for the maximum utilization of watershed resources;
  - (d) Formulation and/or implementation of measures to prevent denudation of watershed cover;
  - (e) Public education and information drive to create awareness among the populace of the importance of forests and uses of watershed areas;
  - (f) Promotion of the development and conservation of existing vegetative cover;
  - (g) Formulation of plans and development programs for resettlement and relocation;
  - (h) Coordination with other government agencies/instrumentalities religious and civic groups in undertaking forest conservation measures in watershed areas;
  - (i) Afforestation, reforestation and physical rehabilitation measures in critically denuded watershed areas.

Section 3. The provisions of existing laws, decrees, orders, rules and regulations as are inconsistent herewith are hereby repealed, amended or modified accordingly.

Section 4. This Order shall take effect immediately.

Done in the City of Manila, this 16th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 224**

**VESTING ON THE NATIONAL POWER CORPORATION THE COMPLETE JURISDICTION,  
CONTROL AND REGULATION OVER WATERSHED AREAS AND RESERVATIONS  
SURROUNDING ITS POWER GENERATING PLANTS AND PROPERTIES OF SAID  
CORPORATION.**

WHEREAS, Watershed areas are critical and essential to the life span of water-based projects including flood control and other environmental programs;

WHEREAS, the sustained operational capability of hydro and geothermal plants depend on the productive conditions of the watersheds;

WHEREAS, due to its importance to the over-all economic undertaking, it has become imperative that its inalienable and non-disposable character be assured, and therefore, more stringent measures be adopted for its protection, development, management and rehabilitation;

WHEREAS, the National Power Corporation pursuant to its mandated responsibility for developing and generating cheap, reliable electricity for national development has developed and administered watersheds in its geothermal and hydro-electric power plants;

WHEREAS, with its mandated functions, the National Power Corporation is in a better position and has the manpower and resources to exercise the desired protection, development, management and rehabilitation of watershed, development, operational water-based power plants;

WHEREAS, the National Power Corporation is vested by law with the power to exercise complete jurisdiction and control over watersheds surrounding the reservoir of plants and/or projects constructed or proposed to be constructed pursuant to the provisions of Section 3, paragraph (N), R.A. 6395;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order the following:

Section 1. The National Power Corporation shall have complete jurisdiction, control and rehabilitation over the following watershed areas and reservations.

1. Upper Agno Watershed Reservation as covered by Proclamation No. 548;
2. Angat Watershed Reservation as covered by Proclamation Nos. 505 and 599;
3. Caliraya-Lumot Watershed Reservation as covered by Proclamation No. 573;
4. Makiling-Banahaw Geothermal Reservations as covered by Proclamation No. 1111;
5. Buhi-Barit Watershed as covered by Proclamation No. 573;
6. Tiwi Geothermal Reservation as covered by Presidential Proclamation No. 739.

Section 2. The National Power Corporation shall be responsible for the management, protection, development, and rehabilitation of the aforementioned watershed areas, including but not limited to the following:

- 
1. Enforcement of forestry laws, rules and regulations governing the Integrated Management of Watershed Reservation under Ministry Order No. 83-01-13, Series of 1982;
  2. Identification of areas which requires immediate rehabilitation and development;
  3. Preparation of plans and programs using the integrated multiple use concept of Watershed Management for the maximum utilization of Watershed resources;
  4. Formulation and/or implementation of measures to prevent denudation of the forest cover and siltation of existing reservoirs;
  5. Public education and information drive to create awareness among the populace of the importance of forest resources and watershed areas;
  6. Promotion of the development and conservation of existing vegetative cover;
  7. Formulation of plans and development programs for resettlement and relocation;
  8. Coordination with other government agencies/instrumentalities, religious and civil groups in undertaking forest conservation measures in watershed areas;
  9. Afforestation, reforestation and physical rehabilitation measures in critically denuded watershed areas;
  10. Development, maintenance and management of tree farms within adequately vegetative watershed for the production of transmission line poles.

Section 4. The provisions of existing laws, decrees, orders, rules and regulations as are inconsistent herewith are hereby repealed, amended or modified accordingly.

Section 5. This Executive Order shall take effect immediately.

Done in the City of Manila, this 16th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 225**  
FURTHER AMENDING SECTION 228 OF THE NATIONAL INTERNAL REVENUE CODE,  
AS AMENDED

WHEREAS, the promotion and development of sports is one of the stated policies of the government;

WHEREAS, professional boxing is one sport where Filipinos have shown an even chance of excelling and attaining world prominence; and

WHEREAS, there is need to grant tax incentives to enhance the growth and popularity of professional boxing;

NOW, THEREFORE, I, CORAZON C. AQUINO, president of the Philippines, by virtue of the powers vested in me by law, do hereby direct and order, that:

SECTION 1. Section 228, paragraph (3) of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

“3. Ten per centum in the case of boxing exhibitions: Provided, however, That boxing exhibitions wherein World or Oriental Championship in any division is at stake shall be exempt from amusement tax: Provided, further, That at least one of the contenders for World or Oriental Championship is a citizen of the Philippines, and said exhibitions are promoted by a citizen/s of the Philippines or by a corporation or association at least sixty per cent of the capital of which is owned by such citizens.”

SEC. 2. All provisions of laws, decrees, letters of instructions, orders, rules and regulations or parts thereof which are inconsistent with or contrary to this Executive Order are hereby repealed and/or modified accordingly.

SEC. 3. This Executive Order shall take effect upon promulgation of the implementing rules and regulations by the Secretary of Finance.



Done in the City of Manila, this 16th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 226**  
**THE OMNIBUS INVESTMENTS CODE OF 1987**

WHEREAS, the Government is committed to encourage investments in desirable areas of activities;

WHEREAS, to facilitate investment, there is a need to adopt a cohesive and consolidated investments incentives law;

WHEREAS, it is imperative to integrate basic laws on investment, to clarify and harmonize their provisions for the guidance of domestic and foreign investors.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order and ordain the following:

**PRELIMINARY TITLE**

**CHAPTER I. TITLE AND DECLARATION OF POLICY**

ART. 1. Short Title. – This Order shall be known as the “Omnibus Investments Code” of 1987.

ART. 2. Declaration of Investment Policies. –

To accelerate the sound development of the national economy in consonance with the principles and objectives of economic nationalism and in pursuance of a planned economically feasible and practical dispersal of industries and the promotion of small and medium scale industries, under conditions which will encourage competition and discourage monopolies, the following are declared policies of the State:

1. The State shall encourage private Filipino and foreign investments in industry, agriculture, forestry, mining, tourism and other sectors of the economy which shall: provide significant employment opportunities relative to the amount of the capital being invested; increase productivity of the land, minerals, forestry, aquatic and other resources of the country, and improve utilization of the products thereof; improve technical skills of the people employed in the enterprise; provide a foundation for the future development of the economy; meet the tests of international competitiveness; accelerate development of less developed regions of the country; and result in increased volume and value of exports for the economy.

2. The State shall ensure holistic development by safeguarding the well-being of the social, cultural and ecological life of the people. For this purpose, consultation with affected communities will be conducted whenever necessary.

3. The State shall extend to projects which will significantly contribute to the attainment of these objectives, fiscal incentives without which said projects may not be established in the locales, number and/or pace required for optimum national economic development. Fiscal incentive systems shall be devised to compensate for market imperfections, to reward performance contributing to economic development, be cost-efficient and be simple to administer.

4. The State considers the private sector as the prime mover for economic growth. In this regard, private initiative is to be encouraged, with deregulation and self-regulation of business activities to be generally adopted where dictated by urgent social concerns.

5. The State shall principally play a supportive role, rather than a competitive one, providing the framework, the climate and the incentives within which business activity is to take place.

6. The State recognizes that there are appropriate roles for local and foreign capital to play in the development of the Philippine economy and that it is the responsibility of Government to define these roles and provide the climate for their entry and growth.

7. The State recognizes that industrial peace is an essential element of economic growth and that it is a principal responsibility of the State to ensure that such a condition prevails.

8. Fiscal incentives shall be extended to stimulate the establishment and assist initial operations of the enterprise, and shall terminate after a period of not more than 10 years from registration or start-up of operation unless a specific period is otherwise stated.

The foregoing declaration of investment policies shall apply to all investment incentive schemes.

## CHAPTER II – BOARD OF INVESTMENTS

ART. 3. The Board of Investments. – The Board of Investments shall implement the provisions of Books One to Five of this Code.

ART. 4. Composition of the Board – The Board of Investments shall be composed of seven (7) governors: The Secretary of Trade and Industry, three (3) Undersecretaries of Trade and Industry to be chosen by the President; and three (3) representatives from other government agencies and the private sector. The Secretary of Trade and Industry shall be concurrently Chairman of the Board and the Undersecretary of the Department of Trade and Industry for Industry and Investments shall be concurrently the Vice-Chairman of the Board and its Managing Head. The three (3) representatives from the other government agencies and the private sector shall be appointed by the President for a term of four (4) years: Provided, That upon the expiration of his term, a governor shall serve as such until his successor shall have been appointed and qualified: Provided, further, That no vacancy shall be filled except for the unexpired portion of any term, and that no one may be designated to be a governor of the Board in an acting capacity but all appointments shall be ad interim or permanent.

ART. 5. Qualifications of Governors of the Board. – The governors of the Board shall be citizens of the Philippines, at least thirty (30) years old, of good moral character and of recognized competence in the fields of economics, finance, banking, commerce, industry, agriculture, engineering, law, management or labor.

ART. 6. Appointment of Board Personnel – The Board shall appoint its technical staff and other personnel subject to Civil Service Law, rules and regulations.

ART. 7. Powers and Duties of the Board. – The Board shall be responsible for the regulation and promotion of investments in the Philippines. It shall meet as often as may be necessary generally once a week on such day as it may fix. Notice of regular and special meetings shall be given all members of the Board. The presence of four (4) governors shall constitute a quorum and the affirmative vote of four (4) governors in a meeting validly held shall be necessary to exercise its powers and perform its duties, which shall be as follows:

(1) Prepare annually the Investment Priorities Plan as defined in Article 26, which shall contain a listing of specific activities that can qualify, for incentives under Book I of this Code, duly supported by

the studies of existing and prospective demands for such products and services in the light of the level and structure of income, production, trade, prices and relevant economic and technical factors of the regions as well as existing facilities;

(2) Promulgate such rules and regulations as may be necessary to implement the intent and provisions of this Code relevant to the. Board;

(3) Process and approve applications for registration with the Board, imposing such terms and conditions as it may deem necessary to promote the objectives of this Code, including refund of incentives when appropriate, restricting availment of certain incentives not needed by the project in the determination of the Board, requiring performance bonds and other guarantees, and payment of application, registration, publication and other necessary fees and when warranted, may limit the availment of the tax holiday incentive to the extent that the investor's country law or treaties with the Philippines allows a credit for taxes paid in the Philippines;

(4) After due hearing, decide controversies concerning the implementation of the relevant books of this Code that may arise between registered enterprises or investors therein and government agencies, within thirty (30) days after the controversy has been submitted for decision:

**Provided,** That the investor or the registered enterprise may appeal the decision of the Board within thirty (30) days from receipt thereof to the President;

(5) Recommend to the Commissioner of Immigration and Deportation the entry into the Philippines for employment of foreign nationals under this Code;

(6) Periodically check and verify, either by inspection of the books or by requiring regular reports, the proportion of the participation of Philippine nationals in a registered enterprise to ascertain compliance with its qualification to retain registration under this Code;

(7) Periodically check and verify the compliance by registered enterprises with the relevant provisions of this Code, with the rules and regulations promulgated under this Code and with the terms and conditions of registration;

(8) After due notice, cancel the registration or suspend the enjoyment of incentives benefits of any registered enterprise and/or require refund of incentives enjoyed by such enterprise including interests and monetary penalties, for (a) failure to maintain the qualifications required by this Code for registration with the Board or (b) for violation of any provisions of this Code, of the rules and regulations issued under this Code, of the terms and conditions of registration, or of laws for the protection of labor or of the consuming public: **Provided,** That the registration of an enterprise whose project timetable, as set by the Board is delayed by one year, shall be considered automatically cancelled unless otherwise reinstated as a registered enterprise by the Board;

(9) Determine the organizational structure taking into account Article 6 of this Code; appoint, discipline and remove its personnel consistent with the provisions of the Civil Service Law and Rules;

(10) Prepare or contract for the preparation of feasibility and other pre-investment studies for pioneer areas either upon its own initiative; or upon the request of Philippine nationals who commit themselves to invest therein and show the capability of doing so: **Provided,** That if the venture is implemented, then the amount advanced by the Board shall be repaid within five (5) years from the date the commercial operation of said enterprise starts;

(11) When feasible and considered desirable by the Board, require registered enterprises to list their shares of stock in any accredited stock exchange or directly offer a portion of their capital stock to the public and/or their employees;

(12) Formulate and implement rationalization programs for certain industries whose operation may result in dislocation, overcrowding or inefficient use of resources, thus impeding economic growth. For this purpose, the Board may formulate guidelines for progressive manufacturing programs, local

content programs, mandatory sourcing requirements and dispersal of industries. In appropriate cases and upon approval of the President, the Board may restrict, either totally or partially, the importation of any equipment or raw materials or finished products involved in the rationalization program;

(13) In appropriate cases, and subject to the conditions which the Board deems necessary, suspend the nationality requirement provided for in this Code or any other nationalization statute in cases of ASEAN projects or investments by ASEAN nationals in preferred projects, and with the approval of the President, extend said suspension to other international complementation arrangements for the manufacture of a particular product on a regional basis to take advantage of economies of scale;

(14) Extend the period of availment of incentives by any registered enterprise; **Provided,** That the total period of availment shall not exceed ten (10) years, subject to any of the following criteria:

(a) The registered enterprise has suffered operational force majeure that has impaired its viability;

(b) The registered enterprise has not fully enjoyed the incentives granted to it for reasons beyond its control;

(c) The project of the registered enterprise has a gestation period which goes beyond the period of availment of needed incentives; and

(d) The operation of the registered enterprise has been subjected to unforeseen changes in government policies, particularly, protectionism policies of importing countries, and such other supervening factors which would affect the competitiveness of the registered firm;

(15) Regulate the making of investments and the doing of business within the Philippines by foreigners or business organizations owned in whole or in part by foreigners;

(16) Prepare or contract for the preparation of industry and sectoral development programs and gather & compile statistical, technical, marketing, financial and other data required for the effective implementation of this Code;

(17) Within four (4) months after the close of the fiscal year, submit annual reports to the President which shall cover its activities in the administration of this Code, including recommendations on investment policies;

(18) Provide, directly or through Philippine diplomatic missions, such information as may be of interest to prospective foreign investors;

(19) Collate, analyze and compile pertinent information and studies concerning areas that have been or may be declared preferred areas of investments; and

(20) Enter into agreements with other agencies of government for the simplification and facilitation of systems and procedures involved in the promotion of investments, operation of registered enterprises and other activities necessary for the effective implementation of this Code;

(21) Generally, exercise all the powers necessary or incidental to attain the purposes of this Code and other laws vesting additional functions on the Board.

ART. 8. Powers and Duties of the Chairman. – The Chairman shall have the following powers and duties:

(1) To preside over the meetings of the Board;

(2) To render annual reports to the President and such special reports as may be requested;

- (3) To act as liaison between investors seeking joint venture arrangements in particular areas of investment;
- (4) Recommend to the Board such policies and measures he may deem necessary to carry out the objectives of this Code; and
- (5) Generally, to exercise such other powers and perform such other duties as may be directed by the Board of Governors from time to time.

ART. 9. Powers and Duties of the Vice-Chairman. – The Vice-Chairman shall have the following powers and duties:

- (1) To act as Managing Head of the Board;
- (2) To preside over the meetings of the Board in the absence of the Chairman;
- (3) Prepare the Agenda for the meetings of the Board and submit for its consideration and approval the policies and measures which the Chairman deems necessary and proper to carry out the provisions of this Code;
- (4) Assist registered enterprises and prospective investors to have their papers processed with dispatch by all government offices, agencies, instrumentalities and financial institutions; and
- (5) Perform the other duties of the Chairman in the absence of the latter, and such other duties as may be assigned to him by the Board of Governors.

## BOOK I

### INVESTMENTS WITH INCENTIVES

#### TITLE I – PREFERRED AREAS OF INVESTMENTS

##### CHAPTER I – DEFINITION OF TERMS

ART. 10. **“Board”** shall mean the Board of Investments created under this Code.

ART. 11. **“Registered Enterprise”** shall mean any individual, partnership, cooperative, corporation or other entity incorporated and/or organized and existing under Philippine laws; and registered with the Board in accordance with this Book; **Provided, however,** That the term “registered enterprise” shall not include commercial banks, savings and mortgage banks, rural banks, savings and loan associations, building and loan associations, development banks, trust companies, investment banks, finance companies, brokers and dealers in securities, consumers’ cooperatives and credit unions, and other business organizations whose principal purpose or principal source of income is to receive deposits, lend or borrow money, buy and sell or otherwise deal, trade or invest in common or preferred stocks, debentures, bonds or other marketable instruments generally recognized as securities, or discharge other similar intermediary, trust or fiduciary functions.

ART. 12. **“Technological assistance contracts”** shall mean contracts for: (1) the transfer, by license or otherwise, of patents, processes, formulas or other technological rights of foreign origin; and/or (2) foreign assistance concerning technical and factory management, design, planning, construction, operation and similar matters.

ART. 13. **“Foreign loans”** shall mean any credit facility or financial assistance other than equity investment denominated and payable in foreign currency or where the creditor has the option to demand payment in foreign exchange and registered with the Central Bank and the Board.

ART. 14. **“Foreign Investments”** shall mean equity investments owned by a non-Philippine national made in the form of foreign exchange or other assets actually-transferred to the Philippines

and registered with the Central Bank and the Board, which shall assess and appraise the value of such assets other than foreign exchange.

ART. 15. **“Philippine national”** shall mean a citizen of the Philippines or a domestic partnership or association wholly-owned by citizens of the Philippines; or a corporation organized under the laws of the Philippines of which at least sixty per cent (60%) of the capital stock outstanding and entitled to vote is owned and held by citizens of the Philippines; or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least sixty per cent (60%) of the fund will accrue to the benefit of Philippine nationals: **Provided**, That where a corporation and its non-Filipino stockholders own stock in a registered enterprise, at least sixty per cent (60%) of the capital stock outstanding and entitled to vote of both corporations must be owned and held by the citizens of the Philippines and at least sixty per cent (60%) of the members of the Board of Directors of both corporations must be citizens of the Philippines in order that the corporation shall be considered a Philippine national.

ART. 16. **“Preferred areas of investments”** shall mean the economic activities that the Board shall have declared as such in accordance with Article 28 which shall be either non-pioneer or pioneer.

ART. 17. **“Pioneer enterprise”** shall mean a registered enterprise (1) engaged in the manufacture, processing or production, and not merely in the assembly or packaging of goods, products, commodities or raw materials that have not been or are not being produced in the Philippines on a commercial scale or (2) which uses a design, formula, scheme, method, process or system of production or transformation of any element, substance or raw materials into another raw material or finished goods which is new and untried in the Philippines or (3) engaged in the pursuit of agricultural, forestry and mining activities and/or services including the industrial aspects of food processing whenever appropriate, pre-determined by the Board, in consultation with the appropriate Department, to be feasible and highly essential to the attainment of the national goal, in relation to a declared specific national food and agricultural program for self-sufficiency and other social benefits of the project or (4) which produces non-conventional fuels or manufactures equipment which utilize non-conventional sources of energy or uses or converts to coal or other non-conventional fuels or sources of energy in its production, manufacturing or processing operations **Provided**, That the final product in any of the foregoing instances, involves or will involve substantial use and processing of domestic raw materials, whenever available, taking into account the risks and magnitude of investment: **Provided, further**, That the foregoing definitions shall not in any way limit the rights and incentives granted to less-developed-area enterprises provided under Title V, Book I hereof.

ART. 18. **“Non-pioneer enterprise”** shall include all registered producer enterprises other than pioneer enterprises.

ART. 19. **“Expansion”** shall include modernization and rehabilitation and shall mean increase of existing volume or value of production or upgrading the quality of the registered product or utilization of inefficient or idle equipment under such guidelines as the Board may adopt.

ART. 20. **“Measured capacity”** shall mean the estimated additional volume of production or service which the Board determines to be desirable in each preferred area of investment in order to supply the needs of the economy at reasonable prices, taking into account the export potential of the product, including economies of scale which would render such product competitive in the world market. Measured capacity shall not be less than the amount by which the measurable domestic and country’s potential export market demand exceeds the existing productive capacity in said preferred areas. For export market industries, when warranted the Board shall base measured capacity on the availability of domestic raw materials after deducting the needs of the domestic market therefor.



ART. 21. “**Tax Credit**” shall mean any of the credits against taxes and/or duties equal to those actually paid or would have been paid to evidence which a tax credit certificate shall be issued by the Secretary of Finance or his representative, or the Board, if so delegated by the Secretary of Finance. The tax credit certificates including those issued by the Board pursuant to laws repealed by this Code but without in any way diminishing the scope of negotiability under their laws of issue are transferable under such conditions as may be determined by the Board after consultation with the Department of Finance. The tax credit certificate shall be used to pay taxes, duties, charges and fees due to the National Government: **Provided**, That the tax credits issued under this Code shall not form part of the gross income of the grantee/transferee for income tax purposes under Section 29 of the National Internal Revenue Code and are therefore not taxable: **Provided, further**, That such tax credits shall be valid only for a period of ten (10) years from date of issuance.

ART. 22. “**Export products**” shall mean manufactured or processed products the total F.O.B. Philippine port value of the exports of which did not exceed five million dollars in the United States currency in the calendar year 1968 and which meet the local content requirement, if any, set by the Board, and standards of quality set by the Bureau of Product Standards, or, in default of such standards, by the Board or by such public or private organization, chamber, group or body as the Board may designate. The above definition notwithstanding, the Investment Priorities Plan may include other products for exports subject to such conditions and limited incentives as may be determined by the Board.

ART. 23. “**Export sales**” shall mean the Philippine port F.O.B. value, determined from invoices, bills of lading, inward letters of credit, landing certificates, and other commercial documents, of export products exported directly by a registered export producer or the net selling price of export product sold by a registered export producer to another export producer, or to an export trader that subsequently exports the same: **Provided**, That sales of export products to another producer or to an export trader shall only be deemed export sales when actually exported by the latter, as evidenced by landing certificates or similar commercial documents: **Provided, further**, That without actual exportation the following shall be considered constructively exported for purposes of this provision: (1) sales to bonded manufacturing warehouses of export-oriented manufacturers; (2) sales to export processing zones; (3) sales to registered export traders operating bonded trading warehouses supplying raw materials used in the manufacture of export products under guidelines to be set by the Board in consultation with the Bureau of Internal Revenue and the Bureau of Customs; (4) sales to foreign military bases, diplomatic missions and other agencies and/or instrumentalities granted tax immunities, of locally manufactured, assembled or repacked products whether paid for in foreign currency or not: **Provided, further**, That export sales of registered export trader may include commission income: and **Provided, finally**, That exportation of goods on consignment shall not be deemed export sales until the export products consigned are in fact sold by the consignee.

Sales of locally manufactured or assembled goods for household and personal use to Filipinos abroad and other non-residents of the Philippines as well as returning Overseas Filipinos under the Internal Export Program of the government and paid for in convertible foreign currency inwardly remitted through the Philippine banking systems shall also be considered export sales.

ART. 24. “**Production cost**” shall mean the total of the cost of direct labor, raw materials, and manufacturing overhead, determined in accordance with generally accepted accounting principles, which are incurred in manufacturing or processing the products of a registered enterprise.

ART. 25. “**Processing**” shall mean converting of raw materials into marketable form through physical, mechanical, chemical, electrical, biochemical, biological or other means or by a special



treatment or a series of actions, such as slaughtering, milling, pasteurizing, drying or dessicating, quick freezing, that results in a change in the nature or state of the products. Merely packing or packaging shall not constitute processing.

ART. 26. “**Investment Priorities Plan**” shall mean the over-all plan prepared by the Board which includes and contains:

(a) The specific activities and generic categories of economic activity wherein investments are to be encouraged and the corresponding products and commodities to be grown, processed or manufactured pursuant thereto for the domestic or export market;

(b) Specific public utilities which can qualify for incentives under this Code and which shall be supported by studies of existing and prospective regional demands for the services of such public utilities in the light of the level and structure of income, production, trade, prices and relevant economic and technical factors of the regions as well as the existing facilities to produce such services;

(c) Specific activities where the potential for utilization of indigenous non-petroleum based fuels or sources of energy can be best promoted; and

(d) Such other information, analyses, data, guidelines or criteria as the Board may deem appropriate.

The specific and generic activities to be included in the Investment Priorities Plan with their status as pioneer or non-pioneer shall be determined by the Board in accordance with the criteria set forth in this Book.

## CHAPTER II – INVESTMENT PRIORITIES PLAN

ART. 27. Investment Priorities Plan. – Not later than the end of March of every year, the Board of Investments, after consultation with the appropriate government agencies and the private sector, shall submit to the President an Investment Priorities Plan: **Provided, however,** That the deadline for submission, may be extended by the President.

ART. 28. Criteria in Investment Priority Determination. – No economic activity shall be included in the Investment Priorities Plan unless it is shown to be economically, technically and financially sound after thorough investigation and analysis by the Board.

The determination of preferred areas of investment to be listed in the Investment Priorities Plan shall be based on long-run comparative advantage, taking into account the value of social objectives and employing economic criteria along with market, technical, and financial analyses.

The Board shall take into account the following:

(a) Primarily, the economic soundness of the specific activity as shown by its economic internal rate of return;

(b) The extent of contribution of an activity to a specific development goal;

(c) Other indicators of comparative advantage;

(d) Measured capacity as defined in Article 20; and

(e) The market and technical aspects and considerations of the activity proposed to be included.

In any of the declared preferred areas of investment, the Board may designate as pioneer areas the specific products and commodities that meet the requirements of Article 17 of this Code and review yearly whether such activity, as determined by the Board, shall continue as pioneer, otherwise,

it shall be considered as non-pioneer and accordingly listed as such in the Investment Priorities Plan or removed from the Investment Priorities Plan.

ART. 29. Approval of the Investment Priorities Plan. – The President shall proclaim the whole or part of such plan as in effect; or alternatively, return the whole or part of the plan to the Board of Investments for revision.

Upon the effectivity of the plan or portions thereof, the President shall issue all necessary directives to all departments, bureaus, agencies or instrumentalities of the government to ensure the implementation of the plan by the agencies concerned in a synchronized and integrated manner. No government body shall adopt any policy or take any course of action contrary to or inconsistent with the plan.

ART. 30. Amendments. – Subject to publication requirements and the criteria for investment priority determination, the Board of Investments may, at any time, add additional areas in the plan, alter any of the terms of the declaration of an investment area or the designation of measured capacities, or terminate the status of preference. In no case, however, shall any amendment of the plan impair whatever rights may have already been legally vested in qualified enterprises which shall continue to enjoy such rights to the full extent allowed under this Code. The Board shall not accept applications in an area of investment prior to the approval of the same as a preferred area nor after approval of its deletion as a preferred area of investment.

ART. 31. Publication. – Upon approval of the plan, in whole or in part, or upon approval of an amendment thereof, the plan or the amendment, specifying and declaring the preferred areas of investment and their corresponding measured capacity shall be published in at least one (1) newspaper of general circulation and all such areas shall be open for application until publication of an amendment or deletion thereof, or until the Board approves registration of enterprises which fill the measured capacity.

### CHAPTER III – REGISTRATION OF ENTERPRISES

ART. 32. Qualifications of a Registered Enterprise. – To be entitled to registration under the Investment Priorities Plan, an applicant must satisfy the Board that:

(1) He is a citizen of the Philippines, in case the applicant is a natural person, or in case of a partnership or any other association, it is organized under Philippine laws and that at least sixty percent (60%) of its capital is owned and controlled by citizens of the Philippines; or in case of a corporation or a cooperative, it is organized under Philippine laws and that at least sixty percent (60%) of the capital stock outstanding and entitled to vote is owned and held by Philippine nationals as defined under Article 15 of this Code, and at least sixty percent (60%) of the members of the Board of Directors are citizens of the Philippines. If it does not possess the required degree of ownership as mentioned above by Philippine nationals, the following circumstances must be satisfactorily established:

(a) That it proposes to engage in a pioneer project as defined in Article 17 of this Code, which, considering the nature and extent of capital requirements, processes, technical skills and relative business risks involved, is in the opinion of the Board of such a nature that the available measured capacity thereof cannot be readily and adequately filled by Philippine nationals; or, if the applicant is exporting at least seventy percent (70%) of its total production, the export requirement herein provided may be reduced in meritorious cases under such conditions and/or limited incentives as the Board may determine;

(b) That it obligates itself to attain the status of a Philippine national, as defined in Article 15, within thirty (30) years from the date of registration or within such longer period as the Board may require taking into account the export potential of the project: **Provided**, That a registered enterprise which exports one hundred percent (100%) of its total production need not comply with this requirement;

(c) That the pioneer area it will engage in is one that is not within the activities reserved by the Constitution or other laws of the Philippines to Philippine citizens or corporations owned and controlled by Philippine citizens;

(2) The applicant is proposing to engage in a preferred project listed or authorized in the current Investment Priorities Plan within a reasonable time to be fixed by the Board or, if not so listed, at least fifty percent (50%) of its total production is for export or it is an existing producer which will export part of production under such conditions and/or limited incentives as the Board may determine; or that the enterprise is engaged or proposing to engage in the sale abroad of export products bought by it from one or more export producers; or the enterprise is engaged or proposing to engage in rendering technical, professional or other services or in exporting television and motion pictures and musical recordings made or produced in the Philippines, either directly or through a registered trader.

(3) The applicant is capable of operating on a sound and efficient basis and of contributing to the national development of the preferred area in particular and of the national economy in general; and

(4) If the applicant is engaged or proposes to engage in undertakings or activities other than preferred projects, it has installed or undertakes to install an accounting system adequate to identify the investments, revenues, costs, and profits or losses of each preferred project undertaken by the enterprise separately from the aggregate investment, revenues, costs and profits or losses of the whole enterprise or to establish a separate corporation for each preferred project if the Board should so require to facilitate proper implementation of this Code.

ART. 33. Application. – Applications shall be filed with the Board, recorded in a registration book and the date appearing therein and stamped on the application shall be considered the date of official acceptance.

Whenever necessary, the Board, through the People's Economic Councils, shall consult the communities affected on the acceptability of locating the registered enterprise within their community.

ART. 34. Approval and Registration Procedures. – The Board is authorized to adopt rules and regulations to facilitate action on applications filed with it; prescribe criteria for the evaluation of several applications filed in one preferred area; devise standard forms for use of applicants and delegate to the regional offices of the Department of Trade and Industry the authority to receive and process applications for enterprises to be located in their respective regions.

Applications filed shall be considered automatically approved if not acted upon by the Board within twenty (20) working days from official acceptance thereof.

ART. 35. Criteria for Evaluation of Applications. – The following criteria will be considered in the evaluation of applications for registration under a preferred area:

(a) The extent of ownership and control by Philippine citizens of the enterprises;

(b) The economic rates of return;

(c) The measured capacity **Provided**, That estimates of measured capacities shall be regularly reviewed and updated to reflect changes in market supply and demand conditions; **Provided, Further**, That measured capacity shall not result in a monopoly in any preferred area of investment which

would unduly restrict trade and fair competition nor shall it be used to deny the entry of any enterprise in any field of endeavor or activity.

- (d) The amount of foreign exchange earned, used or saved in their operations;
- (e) The extent; to which labor, materials and other resources obtained from indigenous sources are utilized;
- (f) The extent to which technological advances are applied and adopted to local conditions;
- (g) The amount of equity and degree to which the ownership of such equity is spread out and diversified; and
- (h) Such other criteria as the Board may determine.

ART. 36. Appeal from Board's Decision. – Any order or decision of the Board shall be final and executory after thirty (30) days from its promulgation. Within the said period of thirty (30) days, said order or decision may be appealed to the Office of the President. Where an appeal has been filed, said order or decision shall be final and executory ninety (90) days after the perfection of the appeal, unless reversed.

ART. 37. Certificate of Registration. – A registered enterprise under this Code shall be issued a certificate of registration under the seal of the Board of Investments and the signature of its Chairman and/or such other officer or employee of the Board as it may empower and designate for the purpose. The certificate shall be in such form and style as the Board may determine and shall state, among other matters:

- (a) The name of the registered enterprise;
- (b) The preferred area of investment in which the registered enterprise is proposing to engage;
- (c) The nature of the activity it is undertaking or proposing to undertake, whether pioneer or non-pioneer, and the registered capacity of the enterprise; and
- (d) The other terms and conditions to be observed by the registered enterprise by virtue of the registration.

## TITLE II – BASIC RIGHTS AND GUARANTEES

ART. 38. Protection of Investments. – All investors and registered enterprises are entitled to the basic rights and guarantees provided in the Constitution. Among other rights recognized by the Government of the Philippines are the following:

(a) Repatriation of Investments. – In the case of foreign investments, the right to repatriate the entire proceeds of the liquidation of the investment in the currency in which the investment was originally made and at the exchange rate prevailing at the time of repatriation, subject to the provisions of Section 74 of Republic Act No. 265 as amended;

For investments made pursuant “to Executive Order No. 32 and its implementing rules and regulations, remittability shall be as provided “therein.

(b) Remittance of Earnings. – In the case of foreign investments, the right to remit earnings from the investment in the currency in which the investment was originally made and at the exchange rate prevailing at the time of remittance, subject to the provisions of Section 74 of Republic Act No. 265 as amended;

(c) Foreign Loans and Contracts. – The right to remit at the exchange rate prevailing at the time of remittance such sums as may be necessary to meet the payments of interest and principal on foreign

loans and foreign obligations arising from technological assistance contracts, subject to the provisions of Section 74 of Republic Act No. 265 as amended;

(d) Freedom from Expropriation. – There shall be no expropriation by the government of the property represented by investments or of the property of the enterprise except for public use or in the interest of national welfare or defense and upon payment of just compensation. In such cases, foreign investors or enterprises shall have the right to remit sums received as compensation for the expropriated property in the currency in which the investment was originally made and at the exchange rate at the time of remittance, subject to the provisions of Section 74 of Republic Act No. 265 as amended;

(e) Requisition of Investment. – There shall be no requisition of the property represented by the investment or of the property of enterprises, except in the event of war or national emergency and only for the duration thereof. Just compensation shall be determined and paid either at the time of requisition or immediately after cessation of the state of war or national emergency. Payments received as compensation for the requisitioned property may be remitted in the currency in which the investment was originally made and at the exchange rate prevailing at the time of remittance, subject to the provisions of Section 74 of Republic Act No. 265 as amended.

### TITLE III – INCENTIVES TO REGISTERED ENTERPRISES

ART. 39. Incentives to Registered Enterprises. – All registered enterprises shall be granted the following incentives to the extent engaged in a preferred area of investment:

(a) **Income Tax Holiday.** –

(1) For six (6) years from commercial operation for pioneer firms and four (4) years for non-pioneer firms, new registered firms shall be fully exempt from income taxes levied by the National Government. Subject to such guidelines as may be prescribed by the Board, the income tax exemption will be extended for another year in each of the following cases:

- i. the project meets the prescribed ratio of capital equipment to number of workers set by the Board;
- ii. utilization of indigenous raw materials at rates set by the Board;
- iii. the net foreign exchange savings or earnings amount to at least US\$500,000.00 annually during the first three (3) years of operation.

The preceding paragraph notwithstanding, no registered pioneer firm may avail of this incentive for a period exceeding eight (8) years.

(2) For a period of three (3) years from commercial operation, registered expanding firms shall be entitled to an exemption from income taxes levied by the National Government proportionate to their expansion under such terms and conditions as the Board may determine; Provided, however, That during the period within which this incentive is availed of by the expanding firm it shall not be entitled to additional deduction for incremental labor expense.

(3) The provision of Article 7 (14) notwithstanding, registered firms shall not be entitled to any extension of this incentive.

(b) **Additional Deduction for Labor Expense.** – For the first five (5) years from registration a registered enterprise shall be allowed an additional deduction from the taxable income of fifty percent

(50%) of the wages corresponding to the increment in the number of direct labor for skilled and unskilled workers if the project meets the prescribed ratio of capital equipment to number of workers set by the Board: **Provided**, That this additional deduction shall be doubled if the activity is located in less developed areas as defined in Art. 40.

(c) **Tax and Duty Exemption on Imported Capital Equipment.** – Within five (5) years from the effectivity of this Code, importations of machinery and equipment and accompanying spare parts of new and expanding registered enterprise shall be exempt to the extent of one hundred percent (100%) of the customs duties and national internal revenue tax payable thereon: **Provided**, That the importation of machinery and equipment and accompanying spare parts shall comply with the following conditions:

(1) They are not manufactured domestically in sufficient quantity, of comparable quality and at reasonable prices;

(2) They are reasonably needed and will be used exclusively by the registered enterprise in the manufacture of its products, unless prior approval of the Board is secured for the part-time utilization of said equipment in a non-registered activity to maximize usage thereof or the proportionate taxes and duties are paid on the specific equipment and machinery being permanently used for non-registered activities; and

(3) The approval of the Board was obtained by the registered enterprise for the importation of such machinery, equipment and spare parts.

In granting the approval of the importations under this paragraph, the Board may require international canvassing but if the total cost of the capital equipment or industrial plant exceeds US\$5,000,000, the Board shall apply or adopt the provisions of Presidential Decree Numbered 1764 on International Competitive Bidding.

If the registered enterprise sells, transfers or disposes of these machinery, equipment and spare parts without prior approval of the Board within five (5) years from date of acquisition, the registered enterprise and the vendee, transferee, or assignee shall be solidarily liable to pay twice the amount of the tax exemption given it.

The Board shall allow and approve the sale, transfer or disposition of the said items within the said period of five (5) years if made:

(aa) to another registered enterprise or registered domestic producer enjoying similar incentives;

(bb) for reasons of proven technical obsolescence; or

(cc) for purposes of replacement to improve and/or expand the operations of the registered enterprise.

(d) **Tax Credit on Domestic Capital Equipment.** – A tax credit equivalent to one hundred percent (100%) of the value of the national internal revenue taxes and customs duties that would have been waived on the machinery, equipment and spare parts, had these items been imported shall be given to the new and expanding registered enterprise which purchases machinery, equipment and spare parts from a domestic manufacturer: **Provided**, That (1) That the said equipment, machinery and spare parts are reasonably needed and will be used exclusively by the registered enterprise in the manufacture of its products, unless prior approval of the Board is secured for the part-time utilization of said equipment in a non-registered activity to maximize usage thereof; (2) that the equipment would have qualified for tax and duty-free importation under paragraph (c) hereof; (3) that the approval of the Board was obtained by the registered enterprise; and (4) that the purchase is made within five (5) years from the



date of effectivity of the Code. If the registered enterprise sells, transfers, or disposes of these machinery, equipment and spare parts, the provisions in the preceding paragraph for such disposition shall apply.

(e) **Exemption from Contractor's Tax.** – The registered enterprise shall be exempt from the payment of contractor's tax, whether national or local.

(f) **Simplification of Customs Procedures.** – Customs procedures for the importation of equipment, spare parts, raw materials and supplies, and exports of processed products by registered enterprises shall be simplified by the Bureau of Customs.

(h) **Unrestricted Use of Consigned Equipment.** – Provisions of existing laws notwithstanding, machinery, equipment and spare parts consigned to any registered enterprise shall not be subject to restrictions as to period of use of such machinery, equipment and spare parts **Provided**, that the appropriate re-export bond is posted unless importation is otherwise covered under subsections (c) and (m) of this Article. **Provided, further**, that such consigned equipment shall be for the exclusive use of the registered enterprise.

If such equipment is sold, transferred or otherwise disposed of by the registered enterprise the related provision of Article 39 (c) (3) shall apply. Outward remittance of foreign exchange covering the proceeds of such sale, transfer or disposition shall be allowed only upon prior Central Bank approval.

(h) **Employment of Foreign Nationals.** – Subject to the provisions of Section 29 of Commonwealth Act Number 613, as amended, a registered enterprise may employ foreign nationals in supervisory, technical or advisory positions for a period not exceeding five (5) years from its registration, extendible for limited periods at the discretion of the Board: **Provided, however**, That when the majority of the capital stock of a registered enterprise is owned by foreign investors, the positions of president, treasurer and general manager or their equivalents may be retained by foreign nationals beyond the period set forth herein.

Foreign nationals under employment contract within the purview of this incentive, their spouses and unmarried children under twenty-one (21) years of age, who are not excluded by Section 29 of Commonwealth Act. Numbered 613, as amended, shall be permitted to enter and reside in the Philippines during the period of employment of such foreign nationals.

A registered enterprise shall train Filipinos as understudies of foreign nationals in administrative, supervisory and technical skills and shall submit annual reports on such training to the Board.

(i) **Exemption on Breeding Stocks and Genetic Materials.** – The importation of breeding stocks and genetic materials within ten (10) years from the date of registration or commercial operation of the enterprise shall be exempt from all taxes and duties: **Provided**, That such breeding stocks and genetic materials are (1) not locally available and/or obtainable locally in comparable quality and at reasonable prices; (2) reasonably needed in the registered activity; and (3) approved by the Board.

(j) **Tax Credit on Domestic Breeding Stocks and Genetic Materials.** – A tax credit equivalent to one hundred percent (100%) of the value of national internal revenue taxes and customs duties that would have been waived on the breeding stocks and genetic materials had these items been imported shall be given to the registered enterprise which purchases breeding stocks and genetic materials from a domestic producer: **Provided**, 1) That said breeding stocks and genetic materials would have qualified for tax and duty free importation under the preceding paragraph; 2) that the breeding stocks and genetic materials are reasonably needed in the registered activity; 3) that approval of the Board has been obtained by the registered enterprise; and 4) that the purchase is made within ten (10) years from date of registration or commercial operation of the registered enterprise.

(k) **Tax Credit for Taxes and Duties on Raw Materials.** – Every registered enterprise shall enjoy a tax credit equivalent to the National Internal Revenue taxes and Customs duties paid on the supplies, raw materials and semi-manufactured products used in the manufacture, processing or production

of its export products and forming part thereof, exported directly or indirectly by the registered enterprise: **Provided, however,** That the taxes on the supplies, raw materials and semi-manufactured products domestically purchased are indicated as a separate item in the sales invoice.

Nothing herein shall be construed as to preclude the Board from setting a fixed percentage of export sales as the approximate tax credit for taxes and duties of raw materials based on an average or standard usage for such materials in the industry.

(l) **Access to Bonded Manufacturing/Trading Warehouse System.** – Registered export oriented enterprises shall have access to the utilization of the bonded warehousing system in all areas required by the project subject to such guidelines as may be issued by the Board upon prior consultation with the Bureau of Customs.

(m) **Exemption from Taxes and Duties on Imported Spare Parts.** – Importation of required supplies and spare parts for consigned equipment or those imported tax and duty free by a registered enterprise with a bonded manufacturing warehouse shall be exempt from customs duties and national internal revenue taxes payable thereon, **Provided, However,** That at least seventy percent (70%) of production is exported; **Provided, further,** That such spare parts and supplies are not locally available at reasonable prices, sufficient quantity and comparable quality; **Provided, finally,** That all such spare parts and supplies shall be used only in the bonded manufacturing warehouse of the registered enterprise under such requirements as the Bureau of Customs may impose.

(n) **Exemption from Wharfage Dues and any Export Tax, Duty, Impost and Fee.** – The provisions of law to the contrary notwithstanding, exports by a registered enterprise of its non-traditional export products shall be exempted of its non-traditional export products shall be exempted from any wharfage dues, and any export tax, duty, impost an fee.

#### TITLE IV – INCENTIVES TO LESS-DEVELOPED-AREA REGISTERED ENTERPRISE

ART. 40. A registered enterprise regardless of nationality located in a less-developed-area included in the list prepared by the Board of Investments after consultation with the National Economic & Development Authority and other appropriate government agencies, taking into consideration the following criteria: low per capita gross domestic product; low level of investments; high rate of unemployment and/or underemployment; and low level of infrastructure development including its accessibility to developed urban centers, shall be entitled to the following incentives in addition to those provided in the preceding article:

(a) **Pioneer Incentives.** – An enterprise in a less-developed-area registered with the Board under Book I of this Code, whether proposed, or an expansion of an existing venture, shall be entitled to the incentives provided for a pioneer registered enterprise under its law of registration.

(b) **Incentives for Necessary and Major Infrastructure and Public Facilities.** – Registered enterprises establishing their production, processing or manufacturing plants in an area that the Board designates as necessary for the proper dispersal of industry or in an area which the Board finds deficient in infrastructure, public utilities, and other facilities, such as irrigation, drainage or other similar waterworks infrastructure may deduct from taxable income an amount equivalent to one hundred percent (100%) of necessary and major infrastructure works it may have undertaken with the prior approval of the Board in consultation with other government agencies concerned; **Provided,** That the title to all such infrastructure works shall upon completion, be transferred to the Philippine Government: **Provided, further,** That any amount not deducted for a particular year may be carried over for deduction for subsequent years not exceeding ten (10) years from commercial operation.



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## TITLE V – GENERAL PROVISIONS

ART. 41. Power of the President to Rationalize Incentives. – The President may, upon recommendation of the Board and in the interest of national development, rationalize the incentives scheme herein provided; extend the period of availment of incentives or increase rates of tax exemption of any project whose viability or profitability require such modification.

ART. 42. Refund and Penalties. – In case of cancellation of the certificate granted under this Code, the Board may, in appropriate cases, require the refund of incentives availed of and impose corresponding fines and penalties.

ART. 43. Benefits of Multiple Area Enterprises. – When a registered enterprise engages in activities or endeavors that have not been declared preferred areas of investments, the benefits and incentives accruing under this Code to registered enterprises and investors therein shall be limited to the portion of the activities of such registered enterprise as is a preferred area of investment.

## BOOK II

### FOREIGN INVESTMENTS WITHOUT INCENTIVES

#### TITLE I

##### CHAPTER I – DEFINITIONS AND SCOPE OF THIS BOOK

ART. 44. Definition of Terms. – As used in this Book, the term “investment” shall mean equity participation in any enterprise formed, organized or existing under the laws of the Philippines; and the phrase “doing business” shall include soliciting orders, purchases, service contracts, opening offices, whether called “liaison” offices or branches; appointing representatives or distributors who are domiciled in the Philippines or who in any calendar year stay in the Philippines for a period or periods totalling one hundred eighty (180) days or more; participating in the management, supervision or control of any domestic business firm, entity or corporation in the Philippines, and any other act or acts that imply a continuity of commercial dealings or arrangements and contemplate to that extent the performance of acts or works, or the exercise of some of the functions normally incident to, and in progressive prosecution of, commercial gain or of the purpose and object of the business organization.

ART. 45. Non-Applicability to Banking Institutions. – This Book shall not apply to banking institutions which are governed and regulated by the General Banking Act and other laws which are under the supervision of the Central Bank.

##### CHAPTER II – INVESTMENTS

ART. 46. Permitted Investments. – (1) Without need of prior authority, anyone not a Philippine national as that term is defined in Article 15 of this Code, and not otherwise disqualified by law, may invest:

(a) In any enterprise registered under Book One hereof, to the extent that the total investment of non-Philippine nationals therein would not affect its status as a registered enterprise under the law;

(b) In an enterprise not registered under Book One hereof, to the extent that the total investment of non-Philippine nationals herein shall not exceed forty percent (40%) of the outstanding capital of that enterprise, unless existing law forbids any non-Philippine ownership in the enterprise or limits ownership by non-Philippine nationals to a percentage smaller than forty percent (40%).

(2) Within thirty (30) days after notice of the investment is received by it, the enterprise in which any investment is made by a non-Philippine national shall register the same with the Board of Investments for purposes of record. Investments made in the form of foreign exchange or other assets actually transferred to the Philippines shall also be registered with the Central Bank. The Board shall assess and appraise the value of such assets other than foreign exchange.

ART. 47. Permissible Investments. – If an investment by a non-Philippine national in an enterprise not registered under Book One hereof is such that the total participation by non-Philippine nationals in the outstanding capital thereof shall exceed forty percent (40%), the enterprise must obtain prior authority from the Board of Investments, which authority shall be granted unless the proposed investment –

(a) Would conflict with existing constitutional provisions and laws regulating the degree of required ownership by Philippine nationals in the enterprise; or

(b) Would pose a clear and present danger of promoting monopolies or combinations in restraint of trade; or

(c) Would be made in an enterprise engaged in an area adequately being exploited by Philippine nationals; or

(d) Would conflict or be inconsistent with the Investment Priorities Plan in force at the time the investment is sought to be made; or

(e) Would not contribute to the sound and balanced development of the national economy on a self-sustaining basis.

Investments made in the form of foreign exchange or other assets actually transferred to the Philippines shall also be registered with the Central Bank. The Board shall assess and appraise the value of such assets other than foreign exchange.

### CHAPTER III – LICENSE TO DO BUSINESS

ART. 48. Authority to Do Business. – No alien, and no firm association, partnership, corporation or any other form of business organization formed, organized, chartered or existing under any laws other than those of the Philippines, or which is not a Philippine national, or more than forty per cent (40%) of the outstanding capital of which is owned or controlled by aliens shall do business or engage in any economic activity in the Philippines or be registered, licensed, or permitted by the Securities and Exchange Commission or by any other bureau, office, agency, political subdivision or instrumentality of the government, to do business, or engage in any economic activity in the Philippines without first securing a written certificate from the Board of Investments to the effect:

(1) That the operation or activity of such alien, firm, association, partnership, corporation or other form of business organization is not inconsistent with the Investment Priorities Plan;

(2) That such business or economic activity will contribute to the sound and balanced development of the national economy on a self-sustaining basis;

(3) That such business or economic activity by the applicant would not conflict with the Constitution or laws of the Philippines;

(4) That the field of business or economic activity is not one that is being adequately exploited by Philippine nationals; and

(5) That the entry of applicant therein will not pose a clear and present danger of promoting monopolies or combinations in restraint of trade.”

ART. 49. Requirements to be Imposed by the Board. – Upon granting said certificate, the Board shall impose the following requirements on the alien or the firm, association, partnership, corporation or other form of business organization that is not organized or existing under the laws of the Philippines –

(1) To appoint a citizen of the Philippines, of legal age, good moral character and reputation, and sound financial standing, as resident agent, who shall be authorized to accept summons and other legal process in behalf of the applicant;

(2) To establish an office in the Philippines and to notify the Securities and Exchange Commission in writing of the applicant's exact address and of every contemplated transfer thereof or of the opening of new offices, at least fifteen (15) days before the same are to be effected; and once effected, not later than ten (10) days afterwards;

(3) To bring assets into the Philippines to constitute the capital of the office or offices, of such kind and value as the Board may deem, necessary to protect those who may deal with the applicant, and to maintain that capital unimpaired during the period it does business in the Philippines;

(4) To present prior proof that citizens of the Philippines and corporations or other business organizations organized or existing under the laws of the Philippines are allowed to do business in the country or individual state within a federal country of which applicant is a citizen or in which it is domiciled: **Provided, however,** That if the state or country of domicile of the applicant imposes on, or requires of, Philippine nationals other conditions, requirements or restrictions besides those set forth in this Code, the Board of Investments shall impose the said other conditions, requirements or restrictions on the applicant, if, in its judgment, the imposition thereof shall foster the sound and balanced development of the national economy on a self-sustaining basis;

(5) To submit to the Securities and Exchange Commission certified copies of applicant's charter and by-laws and all amendments thereto, if any, with their translation into an official language within twenty (20) days after their adoption or after the grant of the prescribed certificate by the Board of Investments and annually of applicant's financial statements showing all assets, liabilities and net worth and results of operations setting out separately those pertaining to the branch office;

(6) To keep a complete set of accounting records with the resident agent, which shall fully and faithfully reflect all transactions within the Philippines, and to permit inspection thereof by the Securities and Exchange Commission, the Bureau of Internal Revenue and the Board of Investments;

(7) To give priority to resident creditors as against non-resident creditors and owners or stockholders in the distribution of assets within the Philippines upon insolvency, dissolution or revocation of the license;

(8) To give the Securities and Exchange Commission at least six (6) months advance notice in writing of applicant's intention to stop doing business within the Philippines; and to give such public notice thereof as the Securities and Exchange Commission may require for the protection of resident creditors and others dealing with the applicant; and

(9) Not to terminate any franchise, licensing or other agreement that applicant may have with a resident of the Philippines authorizing the latter to assemble, manufacture or sell within the Philippines the products of the applicant, except for violation thereof or other just cause and upon payment of compensation and reimbursement of investment and other expenses incurred by the licensee in developing a market for the said products: **Provided, however,** That in case of disagreement, the amount of compensation or reimbursement shall be determined by the country where the licensee is domiciled or has its principal office who shall require the applicant to file a bond in such amount as, in its opinion, is sufficient for this purpose.

The above requirements shall be in addition to those set forth in the Corporation Code of the Philippines for authorizing foreign corporations to transact business in the Philippines.

ART. 50. Cause for Cancellation of Certificate of Authority or Payment of Fine. – A violation of any of the requirements set forth in Article 49 or of the terms and conditions which the Board may impose shall be sufficient cause to cancel the certificate of authority issued pursuant to this Book and/or subject firms to the payment of fines in accordance with the rules and regulations issued by the Board: **Provided, however,** That aliens or foreign firms, associations, partnerships, corporations or other forms of business organization not organized or existing under the laws of the Philippines which may have been lawfully licensed to do business in the Philippines prior to the effectivity of R.A. 5455, shall, with respect to the activities for which they were licensed and actually engaged in prior to the effectivity of said Act, not be subject to the provisions of Articles 48 and 49 but shall be subject to the reporting requirements prescribed by the Board: **Provided, further,** That where the issuance of said license has been irregular or contrary to law, any person adversely affected thereby may file an action with the Regional Trial Court, where said alien or foreign business organization resides or has its principal office to cancel the said license. In such cases, no injunction shall issue without notice and hearing; and appeals and other proceedings for review shall be filed directly with the Supreme Court.

## TITLE II – GENERAL PROVISIONS

ART. 51. Mergers and Consolidations. – The provisions of this Book Two shall apply to any merger, consolidation, syndicate or any other combination of firms, associations, partnership or other forms of business organization that will result in ownership or control by persons or entities that are not Philippine nationals or have foreign equity participation, of more than forty per cent (40%) of the outstanding capital of whatever organization results from the merger, consolidation, syndicate or other combination.

ART. 52. Local Government Action. – No agency, instrumentality or political subdivision of the Government shall take any action in conflict with or which will nullify the provisions of Book Two of this Code, or any certificate of authority granted hereunder.

ART. 53. Automatic Registration. – Applications filed under this Book shall be considered automatically approved if not acted upon within ten (10) working days from official acceptance thereof.

ART. 54. Publication and Posting of Notices. – Immediately after the application has been given due course by the Board, the Secretary of the Board or any official designated by the Board shall require the applicant to publish the notice of the action of the Board thereon at his expense once in a newspaper of general circulation in the province or city where the applicant has its principal office, and post copies of said notice in conspicuous places, in the office of the Board or in the building where said office is located, setting forth in such copies the name of the applicant, the business in which it is engaged or proposes to engage or invest, and such other data and information as may be required by the Board. No approval or certificate shall be valid without the publication and posting of notices as herein provided.

ART. 55. Limited Authority to do Business. – When appropriate, the Board may grant permissible investments or authority to do business under Book Two of this Code for a limited period where the need to prove economic viability of such activity warrants the issuance of a temporary authorization.

ART. 56. Periodic Reports. – The Board shall periodically check and verify compliance with these provisions, either by inspection of the books or by requiring regular reports from aliens or foreign

firms, domestic enterprises with foreign investments and new entities licensed to do business under Article 48 of this Code.

A summary of said reports shall be periodically submitted by the Board to the President. For this purpose, the Board may require other government agencies licensing and/or regulating foreign enterprises or domestic firms with foreign equity, to furnish the Board with reports on such foreign investments.

ART. 57. Penal Clause. – (1) Without prejudice to the provisions of Articles 42 and 50 hereof a violation of any provision of Books I & II of this Code, or of the terms and conditions of registration, or of the rules and regulations promulgated pursuant thereto, or the act of abetting or aiding in any manner any such violation, shall be punished by a fine not to exceed one hundred thousand pesos (P100,000.00) or imprisonment for not more than ten (10) years, at the discretion of the Court.

(2) No official or employee of the government, its subdivisions or instrumentalities shall appear as counsel for or act as agent or representative of, or in any manner intervene or intercede, directly or indirectly, in behalf of any party in any transaction with the Board regarding any application under Books I & II of this Code. The penalty for violation of this prohibition is the same as that provided for in the preceding paragraph. If the offender is an appointive official or employee, the maximum of the penalty herein prescribed shall be imposed, and the offender shall suffer the additional penalty of perpetual disqualification from public office, without prejudice to any administrative action against him.

(3) If the offense is committed by a juridical entity, its president and/or other officials responsible therefor shall be subject to the penalty prescribed above. If the offender or the president/official, in cases where the offense was committed by a juridical entity, is an alien, he shall be deported without further proceedings on the part of the Deportation Board in addition to the penalty herein prescribed and shall, if naturalized, be automatically denaturalized from the date his sentence becomes final.

(4) Payment of the “tax due after apprehension shall not constitute a valid defense in any prosecution for violation of any provision of this Code.

### BOOK III

## INCENTIVES TO MULTINATIONAL COMPANIES ESTABLISHING REGIONAL OR AREA HEADQUARTERS IN THE PHILIPPINES

### CHAPTER I – LICENSING OF THE MULTINATIONAL COMPANY

ART. 58. Qualifications of Multinational Company. – Any foreign business entity formed, organized and existing under any laws other than those of the Philippines whose purpose, as expressed in its organizational documents or by resolution of its Board of Directors or its equivalent, is to supervise, superintend, inspect or coordinate its own affiliates, subsidiaries, or branches in the Asia-Pacific Region may establish a regional or area headquarters in the Philippines, after securing a license therefor from the Securities and Exchange Commission, upon the favorable recommendation of the Board of Investments.

The Securities and Exchange Commission shall, within thirty (30) days from the effectivity of this Code, issue the implementing rules and regulations. The following minimum requirements shall, however, be complied with by the said foreign entity.

(a) A certification from the Philippine Foreign Trade Senior Officer or in the absence of such an official, a Philippine Consul in the foreign firm’s home country that said foreign firm is an entity engaged in international trade with affiliates, subsidiaries or branch offices in the Asia-Pacific Region.

(b) A certification from a principal officer of the foreign entity to the effect that the said foreign entity has been authorized by its Board of Directors or governing body to establish its regional headquarters in the Philippines, specifying that:

1. The activities of the regional headquarters shall be limited to acting as a supervisory, communications and coordinating center for its subsidiaries, affiliates and branches in the region;

2. The headquarters will not derive any income from sources within the Philippines and will not participate in any manner in the management of any subsidiary or branch office it might have in the Philippines.

3. The headquarters shall notify the Board of Investments and the Securities and Exchange Commission of any decision to close down or suspend operations of its headquarters or terminate the services of any expatriate at least fifteen (15) days before the same is effected.

(c) An undertaking that the multinational company will remit into the country such amount as may be necessary to cover its operations' in the Philippines but which amount will not be less than fifty thousand United States dollars or its equivalent in other foreign currencies annually. Within thirty (30) days from receipt of Certificate of Registration from the Securities & Exchange Commission, the multinational company will submit to the Securities and Exchange Commission a Certificate of inward remittance from a local bank showing that it has remitted to the Philippines the amount of at least thirty thousand United States dollars or its equivalent in other foreign currencies and converted the same to Philippine currency. Annually, within thirty (30) days from the anniversary date of the multinational company's registration as a regional or area headquarters with the Securities & Exchange Commission, it will submit proof to the Securities & Exchange Commission of inward remittance amounting to at least fifty thousand United States dollars or its equivalent in other foreign currencies during the past year.

(d) Any willful violation by the regional or area headquarters of a multinational company of any of the provisions of this Code, or its implementing rules and regulations, or other terms and conditions of its registration, or any provision of existing laws, shall constitute a sufficient cause for the cancellation of its license or registration.

## CHAPTER II – INCENTIVES TO EXPATRIATES

ART. 59. Multiple entry visa. – Foreign personnel of regional or area headquarters of multinational companies, their respective spouses, and unmarried children under twenty-one years or age, if accompanying them or if following to join them after their admission into the Philippines as non-immigrant shall be issued a multiple entry special visa, valid for a period of one year, to enter the Philippines: **Provided**, That a responsible officer of the applicant company submits a certificate to the effect that the person who seeks entry into the Philippines is an executive of the applicant company and will work exclusively for applicant's regional or area headquarters which is duly licensed to operate in the Philippines, and that he will receive a salary and will be paid by the headquarters in the Philippines an amount equivalent to at least twelve thousand United States dollars, or the equivalent in other foreign currencies per annum.

The admission and stay shall be co-terminus with the validity of the multiple entry special visa. The stay, however, is extendible yearly upon submission to the Commission on Immigration and Deportation of a sworn certification by a responsible officer of the regional or area headquarters: that its license to operate remains valid and subsisting; that he has been paid in the Philippines from the



date of original admission, the equivalent of at least one thousand United States dollars per month, or its equivalent in other foreign currencies; and that the regional or area headquarters has withheld the tax due on said compensation and the same has been paid to the Bureau of Internal Revenue.

Non-immigrants who have been admitted under the multiple entry special visa, as well as their respective spouses and dependents, shall be exempt from: the payment of all fees due under the immigration and alien registration laws; securing alien certificates of registration; and obtaining emigration clearance certificates, and all types of clearances required by any government department or agency, except that upon final departure from the Philippines the employer of the said non-immigrants shall so advise in writing the Commission on Immigration and Deportation at least five (5) working days prior to the non-immigrant's departure, and the finally departing non-immigrant employee shall be required to submit to the said office a tax clearance from the Bureau of Internal Revenue.

ART. 60. Withholding Tax of 15%. – Aliens employed by regional or area headquarters of multinational corporations shall be subject for each taxable year upon their gross income received from the regional or area headquarters established in the Philippines by multinational companies as salaries, wages, annuities, compensations, remunerations and emoluments to a tax equal to fifteen percentum of such gross income.

ART. 61. Tax and Duty Free Importation. – An alien executive of the regional or area headquarters of a multinational company shall enjoy tax and duty free importation of personal and household effects as provided for under Section 105 (h) of the Tariff and Customs Code, as amended, and Section 169 (b) (4) of the Internal Revenue Code, as amended.

ART. 62. Travel Tax Exemption. – Personnel of multinational companies performing technical and supervisory functions with regional headquarters at, but not engaged in business in the Philippines and the dependents of such foreign personnel if joining them during the period of their assignment in the Philippines, as certified to by the Board of Investments, shall be exempted from the payment of travel tax imposed under Section 1 of Presidential Decree No. 1183, by securing a Travel Tax Certificate from the Philippine Tourism Authority.

### CHAPTER III – INCENTIVES TO THE REGIONAL HEADQUARTERS

ART. 63. Exemption from Income Tax. – Regional or area headquarters established in the Philippines by multinational corporations and which headquarters do not earn or derive income from the Philippines and which act as supervisory, communications and coordinating center for their affiliates, subsidiaries, or branches in the Asia-Pacific Region shall not be subject to income tax.

ART. 64. Exemption from Contractor's Tax. – The regional or area headquarters established in the Philippines by multinational corporations, including their alien executives, are exempted from the contractor's tax.

ART. 65. Exemption from all Kinds of Local Licenses, Fees, Dues – The regional or area headquarters of multinational companies shall be exempt from all kinds of local licenses, fees, dues, imposts or any other local taxes or burdens.

ART. 66. Tax and Duty Free Importation of Training Materials; Importation of Motor Vehicles. – Regional or area headquarters shall also enjoy tax and duty free importation of equipment and materials for training, conferences which are needed for the functions of the regional or area headquarters and which are not locally available subject to the prior approval of the Board of Investments.

Regional or area headquarters shall be entitled to the importation of motor vehicles subject to the prior approval of the Board and the payment of the corresponding taxes and duties: **Provided, That**

such motor vehicles shall be for the exclusive use of its expatriate executives and that the number thereof shall not exceed the number of its expatriate executives and that such motor vehicles may be replaced every three (3) years from their importation.

ART. 67. Exemption from Registration Requirements. – The regional or area headquarters of multinational companies shall be exempt from the provisions of Book II of this Code.

#### BOOK IV

#### INCENTIVES TO MULTINATIONAL COMPANIES ESTABLISHING REGIONAL WAREHOUSES TO SUPPLY SPARE PARTS OR MANUFACTURED COMPONENTS AND RAW MATERIALS TO THE ASIA-PACIFIC REGION AND OTHER FOREIGN MARKETS

ART. 68. Qualifications. – A multinational company organized and existing under any laws other than those of the Philippines which is engaged in international trade and supplies spare parts or manufactured components and raw materials to its distributors or markets in the Asia-Pacific Area and other foreign areas and which has established or will simultaneously establish a regional or area, headquarters in the Philippines in accordance with the provisions of Book III of this Code and the rules and regulations implementing the same may also establish regional warehouse or warehouses in the Philippines, after securing a license therefor from the Board of Investments.

The following minimum requirements shall be submitted or complied with by the said foreign entity in accordance with the rules and regulations to be issued by the Board of Investments as provided for in Article 7 (2) of this Code.

(a) A certification from the Foreign Trade Officer or in the absence of such an official, a Philippine Consul in the foreign firm's home country that said foreign firm is engaged in international trade and supplies or will supply spare parts or manufactured components and raw materials to its distributors or markets in the Asia-Pacific Region.

(b) A certification from a principal officer of the foreign entity to the effect that said foreign entity has been authorized by its Board of Directors or governing body to establish its regional warehouse in the Philippines, specifying that:

1. The activities of the regional warehouse shall be limited to serving as a supply depot for the storage, deposit, safekeeping of its spare parts or manufactured components and raw materials including the packing, covering, putting up, marking, labelling and cutting or altering to customer's specification, mounting and/or packaging into kits or marketable lots thereof, to fill up transactions and sales made by its head offices or parent companies and to serving as a storage or warehouse of goods purchased locally by the home office of the multinational for export abroad; **Provided**, That said locally purchased goods for export may be stored in the regional warehouse only after they have been cleared for export in accordance with the laws and regulations, including those of the Central Bank and simplified procedures governing exports. The regional warehouse shall not directly engage in trade nor directly solicit business, promote any sale, nor enter into any contract for the sale or disposition of goods in the Philippines.

2. The regional warehouse will not derive any income from the sources within the Philippines and its personnel will not participate in any manner in the management of any subsidiary, affiliate or branch office it might have in the Philippines.

3. The personnel of the regional headquarters shall be responsible for the operation of the regional warehouse subject to the provisions of this Code.



(c) The multinational company shall pay the Board of Investments and the appropriate Regional Collector of Customs the corresponding license fees and storage fees to be determined by said offices.

(d) An application for the establishment of a regional warehouse shall be made in writing to the Board of Investments upon recommendation of the Bureau of Customs. The application shall describe the premises, the location and capacity of the regional warehouse and the purpose for which the building is to be used.

The jurisdiction and responsibility of supervising the regional warehouses shall be vested on the Bureau of Customs.

The Board of Investments, in consultation with the Regional Director of Customs of the district where the warehouse will be situated shall cause an examination of the premises to be made with reference particularly to the location, construction and means provided for the safekeeping of its articles and if found satisfactory, it may authorize its establishment without complying with the requirements of any other government body and aimed at providing speedy procedure for its establishment, subject to the following conditions:

1) That the articles to be stored in the warehouse are spare parts or manufactured components and/or raw materials of the multinational company operator for distribution and supply to its Asia-Pacific markets including packaging, coverings, brands, labels and warehouse equipment as provided in Art. 69 (a) hereof;

2) That the entry or importation, storage or reexport of the goods destined for or to be stored in the regional warehouse will not involve any dollar outlay from Philippine sources;

3) That they are of such character as to be readily identifiable for re-export; and in case of local distribution they shall be subject to Article 69 paragraph (b) and the guidelines implementing Book IV of this Code;

4) That they shall be allowed provisional entry expeditiously by means of a **pro forma** invoice of the parent company, identified, examined and appraised by the Regional Collector of Customs and they shall be directly delivered to and kept in the regional warehouses and released therefrom only in accordance with Article 69 paragraphs (a) and (b) and the guidelines implementing Book IV of this Code;

In the absence of a Regional Collector of Customs where the volume of the establishment of regional warehouse does not yet warrant the creation of said offices, the duties of the Regional Collector of Customs shall be performed by the Collector of Customs of the district where the regional warehouse will be located.

5) Each shipment of goods which will be stored in the regional warehouse shall be covered by an affidavit of the multinational company operator setting forth that said articles shall be exclusively used as supply for its Asia-Pacific markets and stating the C & F price thereof;

6) That it shall file an ordinary warehousing bond in an amount equal to ONE HUNDRED PER CENT (100%) of the ascertained customs duties on the articles imported without prejudice to its filing a general warehousing bond in lieu of the ordinary warehousing bond.

7) The percentage of annual allowable withdrawal for domestic use shall be subject to the approval of the Board of Investments: **Provided, however,** That in no case shall such withdrawals exceed thirty per cent (30%) of the value of goods it has brought in for any given year and the payment of the corresponding taxes and duties.

ART. 69. Tax Treatment of Imported Articles in the Regional Warehouse. –

(a) Tax Incentives for Qualified Goods Destined for Reexportation to the Asia-Pacific and other Foreign Markets. – Except as otherwise provided in this Code, imported spare parts or manufactured components, raw materials and other items including any packages, coverings, brands and labels and warehouse equipment as may be allowed by the Board of Investments for use exclusively on the goods stored, except those prohibited by law, brought into the regional warehouse from abroad to be kept, stored and/or deposited or used therein and re-exported directly therefrom under the supervision of the Regional Collector of Customs for distribution to its Asia-Pacific and other foreign markets in accordance with the guidelines implementing Book IV of this Code including to a bonded manufacturing warehouse in the Philippines and eventually re-exported shall not be subject to customs duty, internal revenue tax, export tax nor to local taxes, the provisions of law to the contrary notwithstanding.

(b) Payment of Applicable Duties and Taxes on Qualified goods subject to Laws and Regulations Covering Imported Merchandise if destined for the Local Market. – Any spare parts, manufactured components, raw materials and other items sent, delivered, released or taken from the regional warehouse to the local market in accordance with the guidelines implementing Book IV of this Code shall be subject to the payment of customs duties, taxes and other charges and for which purpose, the proper commercial invoice of the head offices or parent companies shall be submitted to the Regional Collector of Customs; and shall be subject to laws and regulations governing imported merchandise, **Provided**, that in case any of the foregoing items are sold, bartered, hired or used for purposes other than they were intended for without prior compliance with the guidelines implementing Book IV of this Code and without prior payment of the duty, tax or other charge which would have been due and payable at the time of entry if the articles had been entered without the benefit of this decree, shall be subject to forfeiture and the importation shall constitute a fraudulent practice against customs revenue punishable under Section 3602, as amended, of the Tariff and Customs Code of the Philippines; **Provided, further**, that a sale pursuant to a judicial order shall not be subject to the preceding **proviso** without prejudice to the payment of duties, taxes and other charges.

ART. 70. Exemption from the Maximum Storage Period under the Tariff and Customs Code; Period of storage in the Regional Warehouse. – The provision of the law in Section 1908 of the Tariff and Customs Code of the Philippines, as amended, to the contrary notwithstanding, articles duly entered for warehousing may remain in the regional warehouses for a period of two (2) years from the time of their transfer to the regional warehouse, which period may be extended with the approval of the Board of Investments for an additional period of one (1) year upon payment of the corresponding storage fee on the unexported articles, as provided for under Article 68 paragraph (c) for each extension until they are re-exported in accordance with the guidelines implementing Book IV of this Code. Any article; withdrawn, released or removed contrary to the provisions of said guidelines shall be forfeited pursuant to the provisions of Article 69, paragraph (b) hereof.

ART. 71. Rules and Regulations on the Jurisdiction, Operation and Control over Qualified Goods Stored in the Regional Warehouse. – The Board of Investments and the Bureau of Customs shall jointly issue special rules and regulations on the receiving, handling, custody, entry, examination, classifications, delivery, storage, warehousing, manipulation and packaging, release for reexportation and for the safekeeping, recording, inventory and liquidation of said qualified goods, any existing law notwithstanding. Such rules and regulations shall be formulated in consultation with the applicants/operators of regional warehouses in order to be responsive to the objective of providing a procedure for the speedy inflow and outflow of the qualified goods which are destined for the Asia-Pacific and other foreign markets and keeping a proper balance between promoting the Philippines as a center for multinational regional warehouses and safeguarding the revenue laws of the country.

The Commissioner of Customs is directed to expedite the immediate re-exportation or transshipment of the foregoing goods destined for regional warehousing to their Asia-Pacific and other foreign markets, including the emergency withdrawal for re-exportation by air and ship and the partial liquidation of bonds adopting simplified export procedures therefor.

ART. 72. Penalties. – Any willful violation by the regional or area headquarters of a multinational company which has established regional warehouse or warehouses of the provisions of existing laws and the implementing guidelines of Book IV of this Code shall constitute a sufficient cause for the cancellation of its license or registration in addition to the penalties hereinabove provided in Article 69, paragraph (b) hereof.

ART. 73. The regional or area headquarters of multinational companies establishing regional warehouses shall be exempt from the provisions of Book II of this Code.

## BOOK V SPECIAL INVESTORS RESIDENT VISA

ART. 74. Qualifications. – Any alien who possesses the following qualifications may be issued a Special Investors Resident Visa:

1. He had not been convicted of a crime involving moral turpitude;
2. He is not afflicted with any loathsome, dangerous or contagious disease;
3. He has not been institutionalized for any mental disorder or disability;
4. He is willing and able to invest the amount of at least US\$75,000.00 in the Philippines; **Provided**, That the foregoing invested amount shall be lowered to US\$50,000 for aliens availing of Executive Order No. 63 and Executive Order No. 1037 subject to the conditions imposed by said legislations: **Provided, further** That for purposes of compliance with this particular condition, the alien-applicant should prove that he has remitted such amount in acceptable foreign currency to the Philippines.

ART. 75. Reportorial Requirements. – As a holder of the Special Investors Resident Visa, an alien shall be entitled to reside in the Philippines while his investment subsists. For this purpose, he should submit an annual report, in the form duly prescribed for the purpose, to prove that he has maintained his investment in the country. Should said alien withdraw his said investment from the Philippines, then the Special Investors Residence Visa issued to him will automatically expire.

## BOOK VI INCENTIVES OF EXPORT PROCESSING ZONE ENTERPRISES

ART. 76. Employment of Foreign Nationals. – The provisions of law to the contrary notwithstanding, Export Processing Zone Authority, hereinafter referred to as the “Authority” may authorize an alien or an association, partnership, corporation or any other form of business organization formed, organized, chartered or existing under any law other than those of the Philippines, or which is not a Philippine national, or the working capital of which is fully owned or controlled by aliens to do business or engage in an industry inside the export processing zone.

Subject to the provisions of Section 29 of Commonwealth Act No. 613, as amended, an enterprise, a zone registered enterprise may employ foreign nationals in supervisory, technical or advisory positions for a period not exceeding five (5) years from its registration, extendible for limited

periods at the discretion of the Authority: **Provided, however,** That when the majority of the capital stock of a zone registered enterprise is owned by foreign nationals, the positions of president, treasurer, and general manager or their equivalents may be retained by foreign nationals beyond the period set forth herein.

Foreign nationals employed within the purview of this Book, their spouses, and unmarried children under twenty-one years of age who are not excluded by Sec. 29 of C.A. No. 613, as amended, shall be permitted to enter and reside in the Philippines during the period of employment of such foreign nationals. They shall be issued a multiple entry visa, valid for a period of three years, to enter and leave the Philippines without further documentary requirements other than valid passports or other travel documents in the nature of passports. The validity of the multiple entry special visa shall be extendible yearly. Foreign Nationals who have been issued multiple entry special visas under this provision, as well as their respective spouses and dependents, shall be exempt from obtaining alien certificates of registration and emigration clearances certificates and all types of clearances required by any government department or agency. For this purpose, the Philippines and be brought back thereto free of quotas, duty or tax.

(6) Subject to such regulations respecting identity and safeguarding of the revenue as the Authority may deem necessary when the identity of an article entered into the export processing zone under the immediately preceding paragraph has been lost, such article when removed from the zone and taken to the customs territory shall be treated as foreign merchandise entering the country for the first time, under the provisions of the Tariff and Customs Code.

(7) Articles produced or manufactured in the zone and exported therefrom shall, on subsequent importation into the customs territory, be subject to the import laws applicable to like articles manufactured in a foreign country.

(8) Unless the contrary is shown, merchandise taken out of the zone shall be considered for tax purposes to have been sent to customs territory.

ART. 78. Additional Incentives. – A zone registered enterprise shall also enjoy all the incentive benefits provided in Article 39 hereof under the same terms and conditions stated therein. In addition zone registered enterprises shall also be entitled to the following:

(a) Exemption from Local Taxes and Licenses. – Notwithstanding the provisions of law to the contrary, zone registered enterprises shall, to the extent of their construction, operation or production inside the zone be exempt from the payment of any and all local government imposts, fees, licenses or taxes except real estate taxes which shall be collected by the Province/City/Municipality responsible for the collection thereof under the provisions of the Real Property Tax Code: **Provided,** That machineries owned by zone registered enterprises which are actually installed and operated in the Zone for manufacturing, processing or for industrial purposes shall not be subject to the payment of real estate taxes for the first three (3) years of operation of such machineries: **Provided, further,** That fifty percent (50%) of the proceeds of the real estate taxes collected from all real properties located in the Zone and such other areas owned or administered by the Authority shall be remitted to the Authority by the province/city/municipality responsible for the collection of such taxes under the provisions of the Real Property Tax Code. All real estate taxes accruing to the Authority as herein provided shall be expended for such community facilities, utilities and/or services as the Authority may determine.

(b) Production equipment or machineries, not attached to real estate, used directly or indirectly, in the production, assembly or manufacture of the registered product of the zone registered enterprise shall be exempt from real property taxes.

ART. 85. – Repealing Clause. – The following provisions or laws are hereby repealed:

- 1) Batas Pambansa 44
- 2) Batas Pambansa 391 (1983)
- 3) Presidential Decree 218
- 4) Presidential Decree 1419
- 5) Presidential Decree 1623, as amended
- 6) Presidential Decree No. 1789 (1981)
- 7) Presidential Decree 2032
- 8) Executive Order 815
- 9) Executive Order 1045 (1985)

All other laws, decrees, executive orders, administrative orders, rules and regulations or parts thereof which are inconsistent with the provisions of this Code are hereby repealed, amended or modified accordingly.

ART. 86. Effectivity. – This Code shall take effect immediately upon approval.

DONE in the City of Manila, this 16th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO  
President  
Republic of the Philippines

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). [*Executive Order Nos.: 171 - 390*]. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 227**  
AMENDING EXECUTIVE ORDER NO. 209, OTHERWISE KNOWN AS THE “FAMILY CODE  
OF THE PHILIPPINES”

I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Article 26 of Executive Order No. 209 is hereby amended to read as follows:

“Art. 26. All marriages solemnized outside the Philippines in accordance with the laws in force in the country where they were solemnized, and valid there as such, shall also be valid in this country, except those prohibited under Articles 35 (1), (4), (5) and (6), 36, 37 and 38.

Where a marriage between a Filipino citizen and a foreigner is validly celebrated and a divorce is thereafter validly obtained abroad by the alien spouse capacitating him or her to remarry, the Filipino spouse shall have capacity to remarry under Philippine law.”

SECTION 2. Article 36 of Executive Order No. 209 is hereby amended to read as follows:

“Art. 36. A marriage contracted by any party who, at the time of the celebration, was psychologically incapacitated to comply with the essential marital obligations of marriage, shall likewise be void even if such incapacity becomes manifest only after its solemnization.”

SECTION 3. Article 39 of Executive Order No. 209 is hereby amended to read as follows:

“Art. 39. The action or defense for the declaration of absolute nullity of a marriage shall not prescribe. However, in the case of marriages celebrated before the effectivity of this Code and falling under Article 36, such action or defense shall prescribe in ten years after this Code shall have taken effect.”

SECTION 4. This Executive Order shall take effect upon the effectivity of the Family Code of the Philippines.

Done in the City of Manila, this 17th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 228**

**DECLARING FULL LAND OWNERSHIP TO QUALIFIED FARMER BENEFICIARIES COVERED BY PRESIDENTIAL DECREE NO. 27; DETERMINING THE VALUE OF REMAINING UNVALUED RICE AND CORN LANDS SUBJECT OF P.D. NO. 27; AND PROVIDING FOR THE MANNER OF PAYMENT BY THE FARMER BENEFICIARY AND MODE OF COMPENSATION TO THE LANDOWNER**

WHEREAS, Presidential Decree No. 27, for purposes of determining the cost of the land to be transferred to the tenant-farmer, provided that valuation shall be determined by crop productivity;

WHEREAS, there is a need to complete Operation Land Transfer and accelerate the payment to landowners of lands transferred to tenant-farmers; and

WHEREAS, there is also a need to maintain the financial viability of the Land Bank of the Philippines, the financing arm of the agrarian reform program of the government;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested by the Constitution, hereby order that:

SECTION 1. All qualified farmer beneficiaries are now deemed full owners as of October 21, 1972 of the land they acquired by virtue of Presidential Decree No. 27 (hereinafter referred to as P.D. No. 27).

SECTION 2. Henceforth, the valuation of rice and corn lands covered by P.D. No. 27 shall be based on the average gross production determined by the Barangay Committee on Land Production in accordance with Department Memorandum Circular No 26, series of 1973, and related issuances and regulations of the Department of Agrarian Reform. The average gross production per hectare shall be multiplied by two and a half (2.5), the product of which shall be multiplied by Thirty Five Pesos (₱35.00), the government support price for one cavan of 50 kilos of palay on October 21, 1972, or Thirty One Pesos (₱31.00), the government support price for one cavan of 50 kilos of corn on October 21, 1972, and the amount arrived at shall be the value of the rice and corn land, as the case may be, for the purpose of determining its cost to the farmer and compensation to the landowner.

Lease rentals paid to the landowner by the farmer beneficiary after October 21, 1972, shall be considered as advance payment for the land. In the event of dispute with the landowner regarding the amount of lease rental paid by the farmer beneficiary, the Department of Agrarian Reform and the Barangay Committee on Land Production concerned shall resolve the dispute within thirty (30) days from its submission pursuant to Department of Agrarian Reform Memorandum Circular No. 26, series of 1973, and other pertinent issuances. In the event a party questions in court the resolution of the dispute, the landowner's compensation claim, shall still be processed for payment and the proceeds shall be held in trust by the Trust Department of the Land Bank in accordance with the provisions of Section 5 hereof, pending the resolution of the dispute before the court.

SECTION 3. Compensation shall be paid to the landowners in any of the following modes, at the option of the landowners:



(a) Bond payment over ten (10) years, with ten percent (10%) of the value of the land payable immediately in cash, and the balance in the form of LBP bonds bearing market rates of interest that are aligned with 90-day treasury bills rates, net of applicable final withholding tax. One-tenth of the face value of the bonds shall mature every year from the date of issuance until the tenth year.

The LBP bonds issued hereunder shall be eligible for the purchase of government assets to be privatized.

(b) Direct payment in cash or kind by the farmer-beneficiaries with the terms to be mutually agreed upon by the beneficiaries and landowners and subject to the approval of the Department of Agrarian Reform; and

(c) Other modes of payment as may be prescribed or approved by the Presidential Agrarian Reform Council.

SECTION 4. All outstanding Land Bank bonds that are retained by the original landowners-payee or by their heirs, are deemed matured up to one-twenty fifth (1/25) of their yearly face value from their date of issue to the date of this Executive Order and may be claimed by the original landowner-payee by surrendering the bonds to the Land Bank. The original landowner-payee may claim payment for the remaining unmatured period of the surrendered bonds under any of the modes of compensation provided in Section 3, subsections (a), (b) or (c) hereof.

In order to meet the financial requirements mentioned in this Section, the Central Bank shall remit to the Land Bank such sums as may be necessary from the Sinking Fund established by the Land Bank from the retirement of its bonds and other long-term obligations and which Sinking Fund is administered by the Central Bank: Provided, however, That there is no change in maturity of other outstanding Land Bank bonds acquired and held by transferees from original bondholders.

The landowner is exempt from capital gains tax on the compensation paid to him under this Executive Order.

SECTION 5. In the event the landowner does not accept payment of the compensation due him, his compensation shall be held in trust for him by the Trust Department of the Land Bank. The cash portion of the compensation and such portions that mature yearly shall be invested by the Trust Department only in government securities fully guaranteed by the Republic of the Philippines. All the net earnings of the investment shall be for the benefit of the landowner, his heirs or successors in interest.

The rights of the landowner may be exercised by his heirs upon his death.

SECTION 6. The total cost of the land including interest at the rate of six percent (6%) per annum with a two percent (2%) interest rebate for amortizations paid on time, shall be paid by the farmer-beneficiary or his heirs to the Land Bank over a period of up to twenty (20) years in twenty (20) equal annual amortizations. Lands already valued and financed by Land Bank are likewise extended a 20-year period of payment of twenty (20) equal annual amortizations. However, the farmer-beneficiary if he so elects, may pay in full before the twentieth year or may request the Land Bank to structure a repayment period of less than twenty (20) years if the amount to be financed and the corresponding annual obligations are well within the farmer's capacity to meet. Ownership of lands acquired by the farmer-beneficiary may be transferred after full payment of amortizations.

SECTION 7. As of the date of this Executive Order, a lien by way of mortgage shall exist in favor of the Land Bank on all lands it has financed and acquired by the farmer-beneficiary by virtue of P.D. No. 27 for all amortizations, both principal and interest, due from the farmer-beneficiary or a valid transferee until the amortizations are paid in full.

SECTION 8. Henceforth, failure on the part of the farmer-beneficiary to pay three (3) annual amortizations shall be sufficient cause for the Land Bank to foreclose on the mortgage.

SECTION 9. Thirty (30) days after final notice for payment to the defaulting tenant-farmer, a copy of which notice shall be furnished to the Department of Agrarian Reform, the Land Bank may foreclose on the mortgage by registering a certification under oath of its intent to foreclose with the Registry of Deeds of the city or province where the land is located attaching thereto: a copy of the final notice for payment; proof of service to the tenant-farmer and the Department of Agrarian Reform of the final notice for payment; and a certification that at least three (3) annual amortizations on the land or the sum thereof remain unpaid. The mortgage is deemed foreclosed upon registration of said documents with the Registry of Deeds.

In the event the defaulting tenant-farmer could not be served the final notice for payment, the Land Bank shall post the notice for payment in the town hall, public market and barangay hall or any other suitable place frequented by the public of the barangay where the defaulting tenant-farmer resides. A certification by the Land Bank to this effect will substitute for the proof of service of the final notice of payment for purposes of foreclosure.

The Register of Deeds of all cities and provinces are directed to have a separate registry book to enter all the requirements of foreclosure as provided herein.

SECTION 10. The tenant-farmer, or any of his compulsory heirs may lift the foreclosure within a period of two (2) years from its registration by paying the Land Bank all unpaid amortizations on the land with interest thereon of six percent (6%) per annum. In case of failure to lift the foreclosure within the said period, ownership of the land shall be deemed transferred to the Land Bank.

SECTION 11. The Land Bank, not later than three (3) months after its acquisition of the land, shall sell the foreclosed land to any interested landless farmer duly certified to as a bona fide landless farmer by the Department of Agrarian Reform of the barangay or the two closest barangays where the land is situated. The cost of the land is the unpaid amortizations due on the land as of the date of the sale with interest thereon of six percent (6%) per annum. In the event that there is more than one interested buyer, the actual buyer shall be determined by lottery in the presence of all the buyers or their representatives and a representative of the Department of Agrarian Reform. The Deed of Conveyance executed by the Land Bank in favor of the farmer transferee shall be registered with the Register of Deeds of the city or province where the land is located. Ownership shall transfer to the farmer transferee only upon registration with the Registry of Deeds. The lien of the Land Bank by way of mortgage on the remaining unpaid amortizations shall subsist on the title of the transferee.

SECTION 12. The Land Bank, at least one (1) month prior to the sale, shall furnish the Department of Agrarian Reform with a notice of sale and shall post a similar notice in the town hall, public market and barangay hall or any other suitable place frequented by the public of the barangay where the property is located. The notice shall state the description of the property subject of the sale, the price, the date and place of sale.

SECTION 13. The National Land Titles and Deeds Registration Administration is hereby authorized to issue such rules and regulations as may be necessary relative to the registration with the Register of Deeds of all transactions/activities required herein taking into consideration the need to protect the integrity of the Torrens System, the interests of the parties and innocent third parties.

All transactions/activities and their corresponding documents that are registered with the Register of Deeds pursuant to the requirements of P.D. No. 27 and this Executive Order shall be free from all documentary stamps and registration fees.

SECTION 14. The Department of Agrarian Reform and the Land Bank are authorized to issue the additional implementing guidelines of this Executive Order which shall not be later than sixty (60) days from the date hereof.

SECTION 15. To ensure the successful implementation of the Agrarian Reform Program, an Agrarian Reform Operating Fund (Agrarian Fund) shall be set up by the National Government in the Land Bank. The amount of this Agrarian Fund, to be determined by the Government Corporation Monitoring and Coordinating Committee (hereinafter referred to as GCMCC), will source the funding requirements for Land Bank to carry out the full implementation of this program which will include the net operating losses directly and indirectly attributable to this program and the credit facilities to farmers and farmers' organizations. Within thirty (30) days from the effectivity of this Executive Order, the Land Bank shall submit to the GCMCC its funding requirements for 1987. Thereafter, within sixty (60) days after the end of each calendar year, the Land Bank shall submit to the GCMCC an accounting of all drawings the Land Bank had made against the Fund. At the same time, it will also submit its prospective funding requirements for the current year for review and validation of the GCMCC. The amount approved by the GCMCC shall be deemed appropriated and the amount programmed for release in coordination with the Departments of Finance, Budget and Management and the National Economic and Development Authority. Within thirty (30) days from GCMCCs approval, such funds shall be remitted to the Land Bank for credit to the Agrarian Fund.

SECTION 16. If any part of this Executive Order is declared invalid or unconstitutional, it shall not affect any other part thereof.

SECTION 17. All laws, presidential decrees, orders, letters of instructions, rules and regulations, and other issuances or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 18. This Executive Order shall take effect upon its signing and publication as provided by law.

DONE in the City of Manila, this 17th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑAN PALACE  
MANILA

**EXECUTIVE ORDER NO. 229**  
**PROVIDING THE MECHANISMS FOR THE IMPLEMENTATION OF THE**  
**COMPREHENSIVE AGRARIAN REFORM PROGRAM**

WHEREAS, by virtue of Proclamation No.131 dated July 22, 1987 the Comprehensive Agrarian Reform Program has been instituted;

WHEREAS, there is a need to provide for the mechanisms to start the implementation of the program;

WHEREAS, public hearings and consultations were held to determine appropriate mechanisms capable of being established;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines by virtue of the powers vested in me by the Constitution, do hereby order:

**CHAPTER I. COVERAGE**

**SECTION 1. Scope.** The Comprehensive Agrarian Reform Program (CARP) shall cover, regardless of tenurial arrangement and commodity produce all public and private agricultural lands as provided in Proclamation No.13 dated July 22, 1987, including whenever applicable in accordance with law other lands of the public domain suitable to agriculture.

**SECTION 2. Implementation.** Land acquisition and distribution shall be implemented as provided in this Order as to all kinds of lands under the coverage of the program, subject to such priorities and reasonable retention limits as the Congress may under the Constitution prescribe, taking into account ecological, developmental, or equity considerations, and subject to the payment of just compensation.

**SECTION 3. Exemptions.** Lands actually used and found to be necessary for national defense, school sites and campuses, religious purposes, penal colonies, and government research and quarantine centers, are exempted from the coverage of the program.

**SECTION 4. Compulsory Registration.** Within one hundred eighty (180) days from the effectivity of this Order all natural and juridical persons, including government entities, owning, leasing or managing agricultural lands shall file a sworn statement in the proper Assessor's Office in the form to be prescribed by the Department of Agrarian Reform (DAR). This statement shall include among others, (a) the description and area of the property; (b) the estimated average gross income from the property; (c) the names of all tenants and regular farmworkers therein; (d) the crop(s) planted in the property and the area covered by each crop as of June 1, 1987; (e) the terms of mortgages, leases, and management contracts subsisting as of June 1, 1987; (f) the latest declared market value of the land as determined by the City/Provincial Assessor; and (g) a sworn declaration of the current fair market value, which the owner wishes to receive if the property should be acquired by the government for agrarian reform purposes.

If the landowner fails to register within the prescribed period, the government shall base the valuation of his property for landowner compensation purposes on the City/Provincial Assessor's value. Beginning with the quarter immediately following this registration, the real property tax payable shall be based on the abovementioned owner's declaration of current fair market value.

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CHAPTER II. PRIVATE LAND ACQUISITION

SECTION 5. Procedure of Acquisition. After the land, landowners, and beneficiaries shall have been identified, the DAR shall publish its decision to acquire the land and notify the landowners thereof, together with the offer of the DAR to pay for the land as provided in Section 6 hereunder.

Within fifteen (15) days from publication and notice, the landowner shall signify to the DAR his acceptance or rejection of the offer.

If the landowner accepts the offer of the DAR, the Land Bank of the Philippines (LBP) shall pay the landowner the purchase price of the land within fifteen (15) days after he surrenders the Certificate of Title and other relevant documents required by the DAR and the LBP.

In case of rejection or if no reply is received, the DAR shall conduct administrative summary proceedings to determine the compensation for the land, requiring the landowner, the LBP, and other interested parties to submit within fifteen (15) days from the receipt of notice, evidence as to the compensation for the land. After the expiration of the above period, the matter is deemed submitted for decision.

Within fifteen (15) days from receipt of the decision, the LBP shall establish a trust fund for the landowner concerned in the amount decided and notify the landowner and the DAR of its establishment.

Any party who disagrees with the decision may bring the matter to the proper court for determination of just compensation.

After the establishment of the trust fund or receipt by the DAR of the landowner's acceptance of the offer, the DAR shall take immediate possession of the land. Upon formal notification by the DAR, the Register of Deeds shall issue a Transfer Certificate of Title (TCT) in the name of the Republic of the Philippines as Trustee for and in behalf of qualified beneficiaries. Thereupon, the DAR shall proceed with the redistribution of the land to the qualified beneficiaries.

The rights and responsibilities of ownership by the beneficiaries commence at the time of their designation as awardees-owners by the DAR, as evidenced by a Certificate of Landownership Award in their favor.

SECTION 6. Compensation to Landowners. The LBP shall compensate the landowner an amount to be established by the government, which shall be based on the owner's declaration of current fair market value as provided in Section 4 hereof, but subject to certain controls to be defined and promulgated by the Presidential Agrarian Reform Council (PARC) as provided in Section 18 hereof. The compensation shall be paid in any of the following modes, at the option of the landowner:

- (a) Bond payment over ten (10) years, with ten (10) percent of the value of the land payable immediately in cash and the balance in the form of LBP bonds bearing market rates of interest that are aligned with 91-day treasury bills rates, net of applicable final withholding tax. One-tenth of the face value of the bonds shall mature every year from the date of issuance until the tenth year;

The LBP bonds issued hereunder shall be eligible at face value for the purchase of government assets to be privatized;

- (b) Direct payment in cash or kind by the farmer-beneficiaries with the terms to be mutually agreed upon by the beneficiaries and landowners and subject to the approval of the DAR; and
- (c) Other modes of payment as may be prescribed or approved by the PARC.

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SECTION 7. Assistance to Landowners. Landowners affected by this Order shall be assisted and provided by the LBP with the following services:

- (a) Investment information and counseling assistance;
- (b) Conversion and/or exchange of LBP bonds to/from government stocks and/or with government assets; and
- (c) Marketing of LBP bonds.

### CHAPTER III. LAND TRANSFER, UTILIZATION, AND SHARING

SECTION 8. Voluntary Land Transfer. Landowners whose lands are subject to redistribution under this Order have the option of entering into a voluntary agreement for direct transfer of their lands to appropriate beneficiaries, under terms and conditions acceptable to both parties and subject to the approval of the DAR. The general guidelines for voluntary land transfer are:

- (a) The beneficiaries are determined by the DAR to be the same individuals who would be eligible to purchase the land in case the government under this Order acquired the land for resale;
- (b) The area of land to be transferred is no less than the area which the government, under this Order, would otherwise acquire for resale;
- (c) The terms and conditions of the government's standing offer to purchase from the landowner and standing offer to resell to the beneficiaries are fully known and understood by both parties;
- (d) The voluntary transfer agreement shall include sanctions for non-compliance by either party and shall be binding and irrevocable for both parties, and shall be duly recorded at and monitored by the DAR.

SECTION 9. Voluntary Offer to Sell. The government shall purchase all agricultural lands it deems productive and suitable to farmer cultivation voluntarily offered for sale to it at a valuation determined in accordance with Section 6. Such transactions shall be exempt from the payment of capital gains tax and other taxes and fees.

SECTION 10. Corporate Landowners. Corporate landowners may give their workers and other qualified beneficiaries the right to purchase such proportion of the capital stock of the corporation that the land assets bear in relation to the corporation's total assets, and grant additional compensation which may be used for this purposes. The approval by the PARC of a plan for such stock distribution, and its initial implementation, shall be deemed compliance with the land distribution requirements of the CARP.

SECTION 11. Leases, Management Contracts, Mortgages, and Claims. Leases and management contracts on land covered by land distribution and registered with the Register of Deeds prior to the approval of this Order may continue under their original terms and conditions, but not beyond five (5) years from the effectivity of this Order; provided that upon expiration, leases and management contracts may only be renewed subject to the agreement of the qualified beneficiaries; and provided further that upon the distribution or award of the land, where the existing lease rentals are not acceptable to the qualified beneficiaries, such rentals shall be renegotiated with the assistance of the Barangay Agrarian Reform Council (BARC). If the parties fail to agree, the DAR shall determine the rental. Mortgages and other claims registered with the



Register of Deeds will be assumed by the government up to the landowner's compensation value as provided for in Section 6 hereof.

SECTION 12. Payment of Beneficiaries. Land acquired and redistributed by the government shall be paid for by the beneficiaries in thirty (30) equal annual payments at six (6) percent per annum interest, with the first payment due one year after resale, and a two (2) percent interest rebate for amortizations paid on time, provided, that in no case shall the annual amortizations exceed ten (10) percent of the land's annual value of gross production. Should the amortization exceed ten (10) percent, the LBP shall reduce the interest rate and/or reduce the principal obligation to make the repayments affordable. Incentives shall be given for prepayments.

The LBP shall have a lien by way of mortgage on the land acquired by the beneficiary and this mortgage may be foreclosed by the LBP when the outstanding principal balance unpaid and past due reaches the equivalent of three (3) annual amortizations.

SECTION 13. Credit Support. Upon land transfer, each beneficiary who actually farms his land shall be eligible for a production loan to finance one crop cycle under terms and conditions to be determined by the LBP on a case to case basis, renewable upon repayment.

SECTION 14. Collective or Individual Ownership. For lands with multiple beneficiaries, ownership of whole parcels or estates may be transferred to the farmer-beneficiaries collectively or individually, at the option of the beneficiaries, provided, that in collective ownership, each beneficiary shall have an undivided share of the land held in common equivalent to not more than the applicable retention limit. The beneficiaries may collectively decide on the continued operation of the parcel/estate as a whole or to subdivide the same into individual lots and determine the manner in which such subdivision is to be implemented.

SECTION 15. Distribution and Utilization of Public Lands. All alienable and disposable lands of the public domain suitable for agriculture and outside proclaimed settlements shall be distributed by the Department of Environment and Natural Resources (DENR) to qualified beneficiaries as certified to jointly by the DAR and the DENR.

SECTION 16. Production Sharing. Individuals or entities owning and/or operating under lease agricultural lands with gross sales in excess of Five Million Pesos (₱5 million) per annum are hereby mandated to execute a production sharing plan whereby at least two and one-half (2.5) percent of the gross sales from the production/cultivation of such lands are distributed as compensation to the farm workers over and above the compensation they currently receive, provided that such individuals or entities are not obligated to pay more than 100 percent of the regular and annual compensation of the farm workers.

#### CHAPTER IV. IMPLEMENTING AND COORDINATING MECHANISMS

SECTION 17. Quasi-Judicial Powers of the DAR. The DAR is hereby vested with quasi-judicial powers to determine and adjudicate agrarian reform matters, and shall have exclusive original jurisdiction over all matters involving implementation of agrarian reform, except those falling under the exclusive original jurisdiction of the DENR and the Department of Agriculture (DA).

The DAR shall have powers to punish for contempt and to issue subpoena, subpoena duces tecum and writs to enforce its orders or decisions.

The decisions of the DAR may, in proper cases, be appealed to the Regional Trial Courts but shall be immediately executory notwithstanding such appeal.

SECTION 18. The Presidential Agrarian Reform Council (PARC). To coordinate the implementation of the CARP and to ensure the timely and effective delivery of the necessary support

services, there is hereby created the Presidential Agrarian Reform Council composed of the President as Chairman, and the Secretaries or Heads of the following agencies, as follows:

Department of Agrarian Reform	– Vice Chairman
Department of Agriculture	– Vice Chairman
Department of Environment and Natural Resources	– Vice Chairman
Executive Secretary	– Member
Department of Budget and Management	– Member
Department of Finance	– Member
Department of Justice	– Member
Department of Labor and Employment	– Member
Department of Local Government	– Member
Department of Public Works and Highways	– Member
Department of Trade & Industry	– Member
Department of Transportation and Communications	– Member
National Economic and Development Authority	– Member
Land Bank of the Philippines	– Member
Presidential Commission on Good Government	– Member

The President shall appoint representatives of agrarian reform beneficiaries and affected landowners as members of PARC.

The DAR shall provide the Secretariat for the PARC and the Secretary of Agrarian Reform shall be the Director-General thereof.

The PARC shall formulate and/or implement the policies, rules and regulations necessary to implement each component of the CARP, and may authorize any of its members to formulate rules and regulations concerning aspects of agrarian reform falling within their area of responsibility. These policies, rules and regulations shall include the following:

- a. Recommended small farm economy areas, which shall be specific by crop and based on thorough technical study and evaluation;
- b. The schedule of acquisition and redistribution of specific agrarian reform areas, provided that such acquisition shall not be implemented until all the requirements are completed, including the first payment to the landowners concerned.
- c. Control mechanisms for evaluating the owner's declaration of current fair market value as provided in Section 4 hereof in order to establish the government's compensation offer as provided in Section 6 hereof, taking into account current land transactions in the locality, the landowner's annual income from his land, and other factors.

PARC shall have an Executive Committee composed of the Secretary of Agrarian Reform as Chairman, and Secretaries or Heads of the following agencies as members:

Executive Secretary  
 Department of Agriculture  
 Department of Environment and Natural Resources  
 Department of Finance



Department of Public Works and Highways  
Land Bank of the Philippines

Within ninety (90) days from the effectivity of this Order, the Executive Committee of PARC shall complete a Program of implementation incorporating the physical targets, implementation schedule and support requirements of agrarian reform, and shall submit the same to the PARC for approval. Such program of implementation shall take into account, and be consistent with, priorities and retention limits that Congress may in the meantime prescribe, and the following basic policies and guidelines set forth in the Constitution:

- a. The CARP is founded on the right of farmers and regular farm workers, who are landless, to own directly or collectively, the lands they till or, in the case of other farm workers, to receive a just share of the fruits thereof;
- b. The right of small landowners shall be respected;
- c. Voluntary land-sharing shall be encouraged;
- d. Farmers, farm workers, landowners, cooperatives and/or independent farmers' organizations have the right to participate in the planning, organization, and management of the CARP;
- e. In lands of the public domain, the CARP shall respect prior rights, homestead rights of small settlers, and the rights of indigenous communities to their ancestral lands;
- f. Support to agriculture through appropriate technology and research, and adequate financial, production, marketing, and other support services must be provided;
- g. Landowners shall be encouraged to invest the proceeds of the agrarian reform program to promote industrialization, employment creation, and privatization of public sector enterprises; and
- h. At the earliest possible time, idle or abandoned agricultural lands as may be defined by law shall be expropriated for distribution to the beneficiaries of the agrarian reform program.

SECTION 19. Barangay Agrarian Reform Council (BARC). On matters related to agrarian reform, the DAR shall convene at the barangay level, a Barangay Agrarian Reform Council. The BARC shall be operated on a self- help basis and will be composed of the following:

- a. Representative/s of farmer and farm worker beneficiaries;
- b. Representative/s of farmer and farm worker non-beneficiaries;
- c. Representative/s of agricultural cooperatives;
- d. Representative/s of other farmer organizations;
- e. Representative/s of the Barangay Council;
- f. Representative/s of non-government organizations (NGOs);
- g. Representative/s of landowners;
- h. DA official assigned to the barangay;
- i. DENR official assigned to the area;
- j. DAR Agrarian Reform Technologist assigned to the area who shall act as the Secretary; and
- k. Land Bank of the Philippines representative.

The functions of the BARC shall be:

- a. To participate and give support to the implementation of programs on agrarian reform;
- b. To mediate, conciliate or arbitrate agrarian conflicts and issues that are brought to it for resolution; and
- c. To perform such other functions that the PARC, its Executive Committee, or the DAR Secretary may delegate from time to time.

## CHAPTER V. FINANCING

SECTION 20. Agrarian Reform Fund. As provided in Proclamation No. 131 dated July 22, 1987, a special fund is created, known as The Agrarian Reform Fund, an initial amount of FIFTY BILLION PESOS (₱50 billion) to cover the estimated cost of the CARP from 1987 to 1992 which shall be sourced from the receipts of the sale of the assets of the Asset Privatization Trust (APT) and receipts of sale of ill-gotten wealth recovered through the Presidential Commission on Good Government and such other sources as government may deem appropriate. The amount collected and accruing to this special fund shall be considered automatically appropriated for the purpose authorized in this Order.

SECTION 21. Supplemental Appropriations. The amount of TWO BILLION SEVEN HUNDRED MILLION PESOS (₱2.7 billion) is hereby appropriated to cover the supplemental requirements of the CARP for 1987, to be sourced from the receipts of the sale of ill-gotten wealth recovered through the Presidential Commission on Good Government and the proceeds from the sale of assets by the APT. The amount collected from these sources shall accrue to The Agrarian Reform Fund and shall likewise be considered automatically appropriated for the purpose authorized in this Order.

## CHAPTER VI. SANCTIONS

SECTION 22. Permanent Disqualification. Persons, associations, or entities who prematurely enter the land to avail themselves of the rights and benefits hereunder, shall be permanently disqualified from receiving benefits and shall forfeit their rights hereunder.

SECTION 23. Contempt. Persons, associations, or entities who willfully prevent or obstruct the implementation of the CARP shall be liable for contempt.

## CHAPTER VII. GENERAL PROVISIONS

SECTION 24. Ancestral Lands. Within the framework of national unity and development, the rights of indigenous cultural communities to their ancestral lands are hereby protected to ensure their economic, social, and cultural well-being.

SECTION 25. Immunity of Government Agencies from Undue Interference. No injunction, restraining order, prohibition or mandamus shall be issued by the lower courts against the DAR, the DA, the DENR and the Department of Justice in their implementation of the CARP.

SECTION 26. Assistance of other Government Entities. The PARC in the exercise of its functions is hereby authorized to call upon the assistance and support of other government agencies, bureaus, and offices, including government-owned or controlled corporations.

SECTION 27. Applications of Existing Legislation. Presidential Decree No. 27, as amended, shall continue to operate with respect to rice and corn lands, covered thereunder. The provisions of Republic Act No. 3844 and other agrarian laws not inconsistent with this Order shall have suppletory effect.

SECTION 28. Free Registration of Patents and Titles. All Registers of Deeds are hereby directed to register free from payment of all fees, patents, titles, and documents required in the implementation of the CARP.

SECTION 29. Separability Clause. If, for any reason, any section or provision of this Order shall be held unconstitutional or invalid, no other section or provision hereof shall be affected thereby.

SECTION 30. Repealing Clause. All laws, issuances, decrees or any part or parts thereof inconsistent with the provisions of this Order are hereby repealed or amended accordingly.

SECTION 31. Effectivity Clause. This Executive Order shall take effect fifteen (15) days after publication in the Official Gazette or in a newspaper of general circulation in the Philippines.

APPROVED, in the City of Manila, Philippines, this 22nd day of July, 1987.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 230**  
**REORGANIZING THE NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY**

WHEREAS, under Article II, Section 1, of the Provisional Constitution, as adopted in Proclamation No. 3 dated March 25, 1986, the President shall give priority to measures to achieve the mandate of the people to completely reorganize the government;

WHEREAS, Article XVIII, Section 16, of the 1987 Constitution recognizes that the reorganization of the government shall be continued even after the ratification of the Constitution;

WHEREAS, under Article XVIII, Section 6, of the 1987 Constitution, the President shall continue to exercise legislative powers until the first Congress is convened;

WHEREAS, it is necessary to reorganize the National Economic and Development Authority to enhance its ability to coordinate the development planning and policy formulation process, in order to achieve the objectives of sustainable economic growth coupled with an equitable distribution of income and wealth;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino people and the Constitution, do hereby order:

SECTION 1. *Title.* — This Executive Order shall be known as the Reorganization Act of the National Economic and Development Authority.

SEC. 2. *Reorganization.* — The National Economic and Development Authority, hereinafter referred to as the Authority, is hereby reorganized, structurally and functionally, in accordance with the provisions of this Executive Order.

SEC. 3. *Composition of the Authority.* — The Authority shall be composed of two separate and distinct entities: the Board and the Secretariat.

SEC. 4. *Composition of the NEDA Board.* — The NEDA Board shall be composed of the following:

The President .....	Chairman
Director-General of the NEDA Secretariat.....	Vice-Chairman
Executive Secretary .....	Member
Secretary of Finance.....	Member
Secretary of Trade and Industry .....	Member
Secretary of Agriculture .....	Member
Secretary of Environment and Natural Resources .....	Member
Secretary of Public Works and Highways .....	Member
Secretary of Budget and Management .....	Member
Secretary of Labor and Employment .....	Member
Secretary of Local Government .....	Member

The President may, however, revise the membership of the NEDA Board whenever the same is deemed necessary for the effective performance of the Board's functions thru an administrative or memorandum order.

The NEDA Board shall meet at least once a month or as frequently as is necessary to discharge its responsibilities as called for by the President. In cases where the President is unable to attend a meeting, the Director-General of the NEDA Secretariat may preside as Chairman, in the absence of any Presidential preference.

The President however continues to have the power to designate from among the members of the NEDA Board the Chairman that can appropriately represent the President, to preside over specific meetings.

*SEC. 5. Powers and Functions of the Authority.* — The powers and functions of the Authority reside in the NEDA Board.

The Authority shall primarily be responsible for formulating continuing, coordinated and fully integrated social and economic policies, plans and programs, on the basis of the following:

- (a) The State aims to achieve objectives of growth coupled with equity;
- (b) Development leading to the attainment of the above mentioned goals is a multi-faceted process that calls for the coordination and integration of policies, plans, programs and projects of all sectors of society;
- (c) In the formulation of basic policies, plans, programs and projects, there shall be maximum participation by consultation with concerned private sector groups, community organizations and beneficiaries and local government units in order to ensure that priority needs are incorporated into such policies, plans, programs and projects;
- (d) National plans shall be in fact the sum of nationally and regionally identified targets and strategies and locally formulated approaches to perceived local needs and priorities, carried out within the framework of national strategies;
- (e) Major socio-economic policies, plans, programs and projects of different government agencies must be properly coordinated with the Authority at both the national and regional levels prior to their adoption, in order to ensure their consistency with established national priorities and coordination with other policies, plans, programs and projects of the government;
- (f) The linkage between development planning, programming and budgeting shall be of the highest priority in planning and budgeting activities.

The Authority, after due consultation with the private sector, community organizations and beneficiaries, local government units and appropriate public agencies, shall be responsible for coordinating the formulation of continuing, and integrated socio-economic development plans, policies and programs, including the formulation of annual and medium-term public investment programs, programming of official development assistance in the form of grants and concessional loans from foreign governments and multilateral agencies and organizations and the monitoring and evaluation of plan implementation.

*SEC. 6. National Economic and Development Authority Inter-agency Committees.* — To assist the NEDA Board in the performance of its functions, there are hereby created the following committees which shall hereafter be under the direct control of the NEDA Board and shall submit all their recommendations to the President for approval on matters involving their respective concerns. The Chairman of these committees shall be designated by the President. The NEDA Board shall likewise determine where the technical staff of the said committees shall be based.

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- (a) Development Budget Coordination Committee (DBCC) — The DBCC to be composed of the Director-General of the National Economic and Development Authority Secretariat, the Executive Secretary and the Secretaries of Finance and of Budget Management shall have the following functions:
- (i) Recommend for Presidential approval the level of the annual government expenditure program and the ceiling of government spending for economic and social development, national defense, general government and debt service;
  - (ii) Recommend to the President the proper allocation of expenditures for each development activity between current operating expenditures and capital outlay; and
  - (iii) Recommend to the President the amount set to be allocated for capital outlay under each development activity for the various capital or infrastructure projects.
- (b) Investment Coordination Committee (ICC) — The ICC to be composed of the Director-General of the National Economic and Development Authority Secretariat, the Executive Secretary, the Secretaries of Finance, Agriculture, Trade and Industry and of Budget and Management and the Governor of the Central Bank shall have the following functions:
- (i) Evaluate the fiscal, monetary and balance of payments implications of major national projects and recommend to the President the timetable of the implementation of these projects on a regular basis; and
  - (ii) Recommend to the President a domestic and foreign borrowing program updated each year, and subsequently submit to the President a status of the fiscal, monetary and balance of payments implications of major national projects.
- (c) Committee on Social Development (SDC) — The SDC to be composed of the Director-General of the National Economic and Development Authority Secretariat, the Executive Secretary, and the Secretaries of Education, Culture and Sports, of Labor and Employment, Health, Local Government, Agrarian Reform, Agriculture and Social Welfare and Development shall have the following functions:
- (i) Advise the President and the NEDA Board on matters concerning social development, including education, manpower, health and nutrition, population and family planning, housing, human settlements and the delivery of other social services;
  - (ii) Coordinate the activities of government agencies concerned with social development; and
  - (iii) Recommend to the President government policies, programs and projects on social development consistent with national development objectives and priorities.
- (d) Committee on Infrastructure (INFRACOM) — The INFRACOM to be composed of the Director-General of the National Economic and Development Authority Secretariat, the Executive Secretary, and the Secretaries of Public Works and Highways, Transportation and Communications, Finance, and Budget and Management shall have the following functions:
- (i) Advise the President and the NEDA Board on matters concerning infrastructure development including highways, airports, seaports and shore protection; railways; power
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generation, transmission and distribution; telecommunications; irrigation, flood control and drainage, water supply; national buildings for government offices; hospitals, sanitation and related buildings; state colleges and universities, elementary and secondary school buildings; and other public works;

- (ii) Coordinate the activities of agencies including government-owned or controlled corporations concerned with infrastructure development; and
- (iii) Recommend to the President government policies, programs and projects concerning infrastructure development consistent with national development objectives and priorities.

(e) Committee on Tariff and Related Matters (TRM) — The TRM to be composed of the Director-General of the National Economic and Development Authority Secretariat, the Executive Secretary, the Secretaries of Trade and Industry, Foreign Affairs, Agriculture, Environment and Natural Resources and of Budget and Management, the Governor of the Central Bank and the Chairman of the Tariff Commission shall have the following functions:

- (i) Advise the President and the NEDA Board on tariff and related matters, and on the effects on the country of various international developments;
- (ii) Coordinate agency positions and recommend national positions for international economic negotiations;
- (iii) Recommend to the President a continuous rationalization program for the country's tariff structure.

SEC. 7. *The NEDA Secretariat.* — There is hereby created a Technical Staff which shall have the following powers and functions:

- (a) Serve as the research and technical support arm of the NEDA Board;
- (b) Provide through its various organizational units, technical staff support and assistance, including the conduct of studies and development of policy measures and other recommendations, on the various aspects of the substantive functions of development planning and policy formulation, and coordination, evaluation and monitoring of plan implementation.
- (c) Serve as the Secretariat of the NEDA Board;
- (d) Perform such other functions as may be assigned to it by the NEDA Board to achieve its goals and objectives.

SEC. 8. *Director-General.* — The NEDA Secretariat shall be headed by a Director-General who shall be the Vice-Chairman of the NEDA Board, hereinafter referred to as the Director-General, and shall be appointed by the President. The Director-General shall carry the rank and title of Secretary of Socio-Economic Planning and shall be a member of the Cabinet.

As chief executive officer of the NEDA Secretariat, the Director-General shall exercise general supervision and control over its technical and administrative personnel.

SEC. 9. *Deputy Directors-General.* — The Director-General shall be assisted by three (3) Deputy Directors-General to be appointed by the President, one to be responsible for the National Development Office, one to be responsible for the Regional Development Office and one to be responsible for the Central Support Office.



SEC. 10. *Assistant Directors-General.* — The Director-General shall also be assisted by five (5) Assistant Directors-General to be appointed by the President, who shall be assigned to assist the Deputy Directors-General in their tasks of coordinating and supervising their respective Offices.

SEC. 11. *Structural Organization.* — The NEDA Secretariat, in addition to the Offices of the Director-General, Deputy Directors-General and Assistant Directors-General, shall be composed of the National Development Office, Regional Development Office, Central Support Office, and the Regional Offices.

SEC. 12. *National Development Office.* — The National Development Office shall provide technical staff support as may be required by the NEDA Board in coordinating the formulation of national and sectoral policies, plans and programs; monitor macro economic and sectoral performances; prepare the necessary economic reports; conduct economic and development studies on macro-level plans and policies; and perform such other appropriate planning tasks as may be assigned by the Director-General. It shall be composed of the following: National Planning and Policy Staff; Agriculture Staff; Trade, Industry and Utilities Staff; Infrastructure Staff; Social Development Staff; and Public Investment Staff.

SEC. 13. *Regional Development Office.* — The Regional Development Office shall provide technical staff support as may be required by the implementing agencies in the regions; monitor regional and inter-regional development policies, plans and programs; prepare integrated report on regional planning; conduct studies on regional development policies; and perform such other planning tasks as may be assigned by the Director-General. It shall be composed of the following: Regional Development Coordination Staff; Project Monitoring Staff; and, the Regional Offices.

In each of the administrative regions, there shall be a regional office which shall be headed by a Regional Director who shall report to the Deputy Director-General for Regional Development Office. The Regional Director shall be appointed by the President.

SEC. 14. *Central Support Office.* — The Central Support Office shall be responsible for providing technical assistance and support services to the Secretariat's organizational units in the areas of development administration, internal management improvement, legal services, development information, administrative services, and perform such other support service tasks as may be assigned by the Director-General. It shall be composed of the following: Management Staff; Legal Staff; Administrative Staff; Management Information Systems Staff; and Development Information Staff.

SEC. 15. *Retained Agencies.* — The following agencies, currently attached to the Authority, shall continue to be attached to the Authority for purposes of supervision:

- (a) Philippine Institute for Development Studies;
- (b) Philippine National Volunteer Service Coordinating Agency
- (c) Tariff Commission.

With reference to the following agencies, the Authority shall arrange for the transfer of their functions to the Regional Development Councils concerned or other agencies as may be appropriate:

- (a) Kalinga Special Development Region;
- (b) Laguna Lake Development Authority;
- (c) Leyte Sab-a Basin Development Authority.



The National Council for Integrated Area Development (NACIAD) and the Central Visayas Regional Projects Office (CVRPO) are hereby transferred to the Authority which shall, within one (1) year from the date of effectivity of this Executive Order, recommend their transfer to the appropriate department in conjunction with the Department of Budget and Management. The Authority shall further review the functions and activities of all other Integrated Area Development programs and projects and any other programs requiring multi-sectoral and or multi-disciplinary approaches in order to recommend the appropriate disposition and supervision of the same.

The Authority shall furthermore review the mandate, objectives and functions of all development authorities in order to recommend such dispositions or revisions of their charters as organic laws, as may be deemed advisable.

SEC. 16. *Transitory Provisions.* — In accomplishing the acts of reorganization herein prescribed, the following transitory provisions shall be complied with, unless otherwise provided elsewhere in this Executive Order:

- (a) The transfer of a government unit shall include the functions, appropriations, funds, records, equipment, facilities, choses in action, rights, other assets, and liabilities, if any, of the transferred unit as well as the personnel thereof, as may be necessary, who shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits; *Provided*, That those personnel of the transferred unit whose positions are not included in the Authority's new position structure and staffing pattern approved and prescribed by the Director-General or who are not reappointed shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of Section 17 hereof.
- (b) The transfer of functions which does not result in the abolition of the government unit that has exercised them shall include the appropriations, funds, records, equipment, facilities, choses in action, rights, other assets and personnel as may be necessary to the proper discharge of the transferred functions. The abolished unit's remaining appropriations and funds, if any, shall revert to the General Fund and its remaining assets, if any, shall be allocated to such appropriate units as the Director-General shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Its personnel shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits; *Provided*, That its personnel, whose positions are not included in the Authority's new position structure and staffing pattern approved and prescribed by the Director-General under Section 17 hereof or who have not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 17.

SEC. 17. *New Structure and Pattern.* — Upon approval of this Executive Order, the officers and employees of the Secretariat shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits.

The new position structure and staffing pattern shall be prepared by the Director-General within one hundred twenty (120) days from the approval of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by him or by the President as the case may be. Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall

be paid the equivalent of one-month basic salary for every year of service or the equivalent nearest fraction thereof favorable to them on the basis of the highest salary received, but in no case shall such payment exceed the equivalent of 12 months of salary.

SEC. 18. *Prohibition Against Change.* — No change in the reorganization herein prescribed shall be valid except upon prior approval of the President for the purpose of promoting efficiency and effectiveness in the delivery of public services.

SEC. 19. *Funding.* — Funds needed to carry out the provisions of this Executive Order shall be taken from funds available in the Authority.

SEC. 20. *Implementing Authority of the Director-General.* — The Director-General shall issue such rules, regulations and other issuances as may be necessary to ensure the efficient and effective implementation of the provisions of this Executive Order.

SEC. 21. *Separability.* — Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SEC. 22. *Repealing Clause.* — All laws, ordinances, rules, regulations, other issuances or parts thereof, which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.

SEC. 23. *Effectivity.* — This Executive Order shall take effect immediately upon its approval.

APPROVED in the City of Manila, Philippines, this 22nd day of July, in the year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) CORAZON C. AQUINO  
President of the Philippines

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: Supreme Court Library

Office of the President of the Philippines. (1987). *Supplement to the Official Gazette of the Republic of the Philippines*. Manila: Government Printing Office, 83 (30), 3422-0-42 – 3422-0-48.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 231**

**TRANSFERRING OF THE HOME ECONOMICS DIVISION OF THE DEPARTMENT OF  
SOCIAL WELFARE AND DEVELOPMENT TO THE DEPARTMENT OF AGRICULTURE,  
RENAMING IT FARM HOME RESOURCES MANAGEMENT SECTION (FHRMS) AND  
REDEFINING ITS FUNCTIONS**

WHEREAS, under Executive Order No. 123 dated 30 January 1987, the Home Economics Division of the then Ministry of Agriculture and Food was absorbed by the Bureau of Women's Welfare of the Department of Social Welfare and Development;

WHEREAS, there were many petitions deploring the transfer of the said Home Economics Division to the Bureau of Women's Welfare of the Department of Social Welfare and Development;

WHEREAS, the Department of Agriculture and Department of Social Welfare and Development agreed to revert the Home Economics Division to the Department of Agriculture and to rename it Farm Home Resources Management Section, and to redefine and rationalize its functions;

WHEREAS, it is deemed necessary to effect the transfer of Home Economics Division to the Department of Agriculture for efficiency and more prompt delivery of services to the people;

NOW THEREFORE, I, CORAZON, C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino people and the Constitution, do hereby order:

Section 1. Attachment. The Home Economics Division shall be detached from the Bureau of Women's Welfare of the Department of Social Welfare and Development and attached to the Agricultural Training Institute of the Department of Agriculture, renaming it Farm Home Resources Management Section, thus amending accordingly Section 22.c. and Section 14.b. of Executive Order Nos. 123 and 116, respectively. Such transfer shall include applicable appropriations, funds, records, equipment, facilities and other assets, as well as the personnel, thereof, as may be necessary.

Section 2. Functions. The Farm Home Resources Management Section shall have the following functions:

- (a) Formulate policies, rules and regulations in the conduct of training for personnel and clientele of the Department of Agriculture along management of farm-house resources;
- (b) Develop and evaluate training curricula/models, and designs, and other materials;
- (c) Test and verify appropriate technologies, innovative approaches relevant to the needs of farm families to enhance farmer's productivity;
- (d) Provide technical assistance to agricultural field personnel and clientele and assist in the conduct of training on:
  - 1. Selective home food production
  - 2. Post harvest activities
  - 3. Processing of farm products
  - 4. Expanded nutrition education for farmers and homemakers
  - 5. Farm home entrepreneurial development for farm family profitability

6. Management of cottage farm-based agricultural projects and organizations with pre-cooperatives status

(e) Establish/maintain linkages with research and development agencies for dissemination of innovation relevant to improvement of service to farm families to enhance farmer's productivity.

Section 3. Transitory Provision. Upon approval of this Executive Order, the officers and employees of the Home Economics Division Section shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits.

The new position structure and staffing pattern for the Farm Home Resources Management Section shall be approved and prescribed by the Secretary of the Department of Agriculture within one hundred and twenty (120) days from the approval of this Executive Order.

Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one-month salary of every year of service, or fraction thereof, computed on the basis of the highest salary received, but in no case shall such payment exceed the equivalent of 12 months salary.

Section 4. Funding. Funds necessary to implement the provisions of this Executive Order shall be covered from the current appropriations of the Department of Agriculture.

Section 5. Implementing Rules. The Secretary of the Department of Agriculture shall issue rules, regulations and issuances as may be necessary to ensure effective implementation of the provisions of this Executive Order.

Section 6. Repealing Clause. All laws, ordinances, rules and regulations, other issuances or parts thereof, which are inconsistent with this Executive Order are hereby repealed or modified accordingly.

Section 7. Effectivity. This Executive Order shall take effect immediately.

Approved in the City of Manila, Philippines, this 22nd day of July, in the year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 232**

**PROVIDING FOR THE STRUCTURAL AND FUNCTIONAL REORGANIZATION OF THE  
NATIONAL COUNCIL FOR THE WELFARE OF THE DISABLED PERSONS AND FOR  
OTHER PURPOSES**

WHEREAS, the national government recognizes its responsibility to provide disabled persons with the fullest measure of protection and assistance to help develop their abilities in all fields of endeavor and to promote their integration into the mainstream of society, as well as its primary duty for the prevention of disabilities;

WHEREAS, the national government is also cognizant of the limitations of the existing system for delivery of services to persons with disabilities and the need to extend the ranges of disability prevention and rehabilitation services;

WHEREAS, there is an increasing awareness in the government and private sectors on the problems of disability of their joint responsibility to be involved in the national effort to seek solutions to the problems;

WHEREAS, the national leadership notes, with great concern, that in the pursuit of this responsibility, there has been a proliferation of activities and programs for the welfare of persons with disabilities by government agencies and private organizations and that for lack of central direction and coordination, there is widespread overlapping and duplication of efforts, thereby resulting in the wastage of scarce resources and professional services and impairing the achievement of definite goals;

WHEREAS, the National Commission Concerning Disabled Persons was created on 11 June 1978 by virtue of Presidential Decree No. 1509 as amended;

WHEREAS, the National Commission Concerning Disabled Persons was replaced by the National Council for the Welfare of Disabled Persons by virtue of Executive Order No. 123 dated 30 January 1987;

WHEREAS, the structural and functional reorganization of the National Council for the Welfare of Disabled Persons is deemed necessary for effective and efficient delivery of services to persons with disabilities;

NOW, THEREFORE, I, CORAZON, C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino people and the Constitution, do hereby order:

Section 1. Title. This Executive Order shall otherwise be known as the Reorganization Act of the former National Commission Concerning Disabled Persons (NCCDP) now known as the National Council for the Welfare of Disabled Persons (NCWDP) as provided for under Executive Order No. 123 and attached to the Department of Social Welfare and Development.

Section 2. Declaration of Policy. The State's paramount concern for the welfare of the disabled persons as embodied in several provisions of the 1987 Constitution of the Philippines is hereby affirmed.

Section 3. Objectives of the Council. The National Council for the Welfare of Disabled Persons hereinafter referred to as the "Council" shall have the following objectives:

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1. To develop an integrated and comprehensive long-term National Plan for the prevention of disabilities, rehabilitation, full participation and equalization of opportunities of disabled persons.
  2. To insure that essential programs and services for the welfare of persons with disabilities are adequate and accessible.
  3. To provide and maintain necessary steps to ensure the rights and benefits of disabled persons at all levels to achieve fuller participation and equalization of opportunities.
  4. To advocate new policies and legislations or amendments relating to disability prevention, rehabilitation, full participation and equalization of opportunities.
  5. To act as a consultative forum, advisory and coordinating body to rationalize the functions and activities of agencies involved in disability prevention, rehabilitation, full participation and equalization of opportunities of disabled persons.
  6. To establish, maintain and expand contact with national and international organizations concerned with persons with disabilities, and to keep abreast with international standards and the latest developments in disability prevention, rehabilitation and equalization of opportunities.
  7. To raise the level of public awareness on disability prevention, rehabilitation, full participation and equalization of opportunities of disabled persons through systematic information program.
  8. To develop and maintain a data banking and referral system on disability prevention, rehabilitation, full participation and equalization of opportunities.

Section 4. Powers and Functions of the Council. The Council shall have the following powers and functions:

1. Formulate policies on disability prevention and rehabilitation for the welfare of disabled persons.
2. Formulate research and development policies on health, education, labor and social welfare for disabled persons.
3. Undertake continuing researches and related studies on various topics pertaining to disability prevention, rehabilitation and equalization of opportunities for persons with disabilities.
4. Formulate integrated and comprehensive long and medium term national plans on the welfare of disabled persons.
5. Establish and maintain linkages and networking with local and international organizations, including organizations of and for disabled persons.
6. Conduct program evaluation and monitoring, consultative meetings and symposia on issues related to disability prevention and rehabilitation.
7. Propose legislation and initiate advocacy programs for the welfare of disabled persons.
8. Develop a broad public information and dissemination program on disability prevention, rehabilitation, full participation and equalization of opportunities.
9. Submit periodic reports to the DSWD Secretary on the activities of the Council.
10. Establish and maintain a data bank and referral system on disability prevention, rehabilitation, full participation and equalization of opportunities.

Section 5. Composition of the Council. The NCWDP is headed by a governing Board, the members of which are heads or representatives of governmental and non-governmental organizations,

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and disabled persons as well as civic and cause oriented organizations. The Board shall be composed of the following members or their duly designated representatives:

Government Offices

Department of Social Welfare and Development	– Chairman
Department of Health	– Member
Department of Labor and Employment	– Member
Department of Education, Culture and Sports	– Member
Department of National Defense	– Member
Department of Agriculture	– Member
National Economic and Development Authority	– Member
Department of Environment and Natural Resources	– Member
Department of Local Government	– Member
Department of Trade and Industry	– Member
Department of Public Works and Highways	– Member
Department of Transportation and Communications	– Member
Department of Justice	– Member

Non-Government Offices

Veterans Federation of the Philippines	– Member
Philippine Foundation for the Rehabilitation of Disabled, Inc.	– Member

Private Representatives

Two (2) disabled persons and one (1) each from a civic group and a cause oriented organization, all of whom shall be appointed by the President upon the recommendation of the Chairman for a three (3) year term.

Section 6. The Chairman. The Chairman of the Board shall have the following duties:

1. To call and preside over the meetings of the Board.
2. To manage and administer the affairs of the Council.
3. To ensure that the decisions and policies of the Board are implemented.
4. To sign for and represent the Council.
5. To accept on behalf of the Council, gifts, grants or donations and to administer and disburse the same with the approval of the Board and in accordance with government rules, regulations and policies.
6. To enter into and execute such contracts as may be deemed necessary in the pursuit of the Council's objectives, subject to the approval of the Board and in accordance with government rules, regulations and policies.
7. To organize permanent or ad-hoc committees, consisting of members of the Board or such other experts as are deemed necessary for the discharge of the Council.

Section 7. Meetings. The Board shall meet every month or often at the call of the Chairman.



Eleven (11) members of the Board shall constitute a quorum. However, when a decision is made by such a quorum, it must carry the unanimous vote of all eleven members to be valid.

Members of the Board shall receive no compensation, but shall be entitled to honorarium and other allowances as resolved by the Board and authorized by the Department of Budget and Management.

Section 8. The Secretariat. The Council shall have a Secretariat which will provide the machinery to coordinate functions, organize services and evaluate programs as may be required by the Board in the exercise of its functions. It shall be headed by an Executive Director to be assisted by a Deputy Executive Director, both of whom shall be appointed by the President.

The main divisions of the Secretariat shall be as follows:

1. Office of the Executive Director
2. Administrative Division
3. Programs Management Division
4. Information, Education and Communication Division
5. Technical Cooperation Center

Section 9. The Executive Committee. There shall be created an Executive Committee to assist the Board. The Executive Committee shall be chaired by the Undersecretary of DSWD for attached agencies and shall be composed of nine (9) members to be chosen by the Chairman.

Section 10. Other Committees. The Board shall create committees as may be deemed necessary to carry out the functions of the Council.

Section 11. Appropriations. Funds needed to carry out the provisions of this Executive Order shall be taken from the funds available to the NCCDP. Thereafter, budget as shall be needed for the continued operation of the Council shall be regularly included in subsequent annual general appropriations acts.

Section 12. Donations. The Council shall be authorized to receive grants, donations, contributions or gifts which will administered or disbursed for the purpose of which they were given or in the absence of such, as the Board may determine. In both cases, government rules and regulations shall apply.

Section 13. Repealing Clause. All laws, ordinances, rules and regulations, other issuances or parts thereof which are inconsistent with this Executive Order are hereby repealed or modified accordingly.

Section 14. Effectivity. This Executive Order shall take effect immediately.

APPROVED in the City of Manila, Philippines, this 22nd day of July, in the year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.



MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 233**  
**REDEFINING THE ROLE AND ORGANIZATIONAL STRUCTURE AND ENLARGING THE**  
**MEMBERSHIP OF THE COUNCIL FOR THE WELFARE OF CHILDREN**

WHEREAS, it is the policy of the State to promote the well-being and total development of children and youth, and to protect them from exploitation, abuse, improper influence, hazards and other circumstances prejudicial to their physical, mental, emotional, social and moral development;

WHEREAS, the Council for the Welfare of Children has been created under the Office of the President by virtue of Presidential Decree No. 603 otherwise known as THE CHILD AND YOUTH WELFARE CODE with primary functions, among others, to coordinate the implementation and enforcement of all laws relative to the promotion of child and youth welfare so as to formulate and evaluate policies, programs and services relative to the development of the general welfare and protection of the best interests of children and youth;

WHEREAS, it is necessary to revise the composition of and enlarge the membership and organizational structure of the Council to enable the Council to more effectively carry out its responsibilities under the law and to ensure the assistance and cooperation of government agencies concerned with child and youth welfare and development;

WHEREAS, to provide better focus and perspective, it becomes imperative to redefine the roles and functions of the Council;

NOW, THEREFORE, I, CORAZON, C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino people and the Constitution, do hereby order:

Section 1. Title. This Executive Order shall otherwise be known as the Reorganization Act of the Council for the Welfare of Children.

Section 2. Attachment to the DSWD. The Council shall continue to be an attached agency of the Department of Social Welfare and Development (DSWD).

Section 3. Composition. The Council shall be composed of the following members or their duly designated representatives:

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|--|------------|
| (a) Department of Social Welfare and Development | – Chairman |
| (b) Department of Education, Culture and Sports; | – Member   |
| (c) Department of Health;                        | – Member   |
| (d) Department of Labor and Employment;          | – Member   |
| (e) Department of Justice;                       | – Member   |
| (f) Department of Local Government;              | – Member   |
| (g) Department of Agriculture;                   | – Member   |
| (g) National Economic and Development Authority; | – Member   |
| (h) National Nutrition Council;                  | – Member   |
| (i) Council for the Welfare of Children; and     | – Member   |

- (j) Three private individuals concerned with the welfare of children and youth with no dual role as a government employee and with at least one (1) being an active member of a legitimate youth organization.

The three private individuals shall be appointed by the President upon the recommendation of the Chairman and shall serve for two years subject to renewal.

Section 4. Powers and Responsibilities. The Council for the Welfare of Children shall have the following powers and responsibilities:

- (a) Coordinate the implementation and enforcement of all laws relative to the promotion of child and youth welfare;
- (b) Formulate an integrated national policy and long-range programs, monitor and evaluate the implementation of this policy, and all programs and services relative to the development of the general welfare and protection of the best interests of children and youth;
- (c) Advocate and recommend to the President and other appropriate agencies for implementation on a nationwide scale when appropriate, new, innovative, pilot programs and services for the general welfare of children and
- (d) Mobilize resources assistance and call upon and utilize department, bureau, office, agency, or instrumentalities, public, private, or voluntary, for such assistance as it may require in the performance of its functions;
- (e) Submit annually to the President, through the Secretary of Social Welfare and Development, a comprehensive report on its activities and accomplishments; and,
- (f) Perform such other functions as provided by law.

Section 5. Executive Director. The Executive Director of the Council shall be appointed by the President upon recommendation of the Chairman, and shall have the rank, privileges and emoluments of a Career Executive Service Officer I, and shall receive such other allowances and benefits as may be provided by law.

The Executive Director of the Council for the Welfare of Children shall be an ex-officio member of the National Nutrition Council.

Section 6. Division. The Council Secretariat, which is the Executive arm of the Council headed by its Executive Director, shall have the following Divisions:

- (a) Office of the Executive Director;
- (b) Administration and Finance Division;
- (c) Planning and Programming Division;
- (d) Legal and Technical Services Division; and,
- (e) Information, Education and Communications Division.

Section 7. Technical Management Committee. A Technical Management Committee shall be created under the Council which will be composed of various Bureau and Service Heads of each government Department and Heads of Non-government organizations as appropriate;

Section 8. Sectoral Panels. Five (5) Sectoral Panels are hereby created corresponding to the five (5) major concerns of children and youth; Health and Nutrition; Population and Social Welfare; Education; Livelihood and Shelter; and Legal Protection and Welfare.

Section 9. Appropriation and Honoraria. Adequate funds shall be appropriated annually from any funds in the National Treasury not otherwise appropriated for the operation and maintenance of the Council for the Welfare of Children.

The members and the Chairman of the Council and members of committees, sectoral panels, and task forces that may be created by the Council shall receive honoraria for every meeting actually attended the amount of which shall be determined by an appropriate Council resolution and authorized by the Department of Budget and Management.

Section 10. New Structure and Pattern. Upon approval of this Executive Order, the officers and employees of the Council shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits.

The new position structure and staffing pattern by the Council shall be approved by the Secretary of the Department of Social Welfare and Development within one hundred and twenty (120) days from the approval of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by him or by the President as the case may be. Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules, and regulations. Otherwise, they shall be paid the equivalent of one (1) month basic salary for every year of service or the equivalent nearest fraction thereof favorable to them on the basis of the highest salary received, but in no case shall such payment exceed the equivalent of 12 months salary.

Section 11. Separability Clause. If any provision of this Order is held invalid, the other provision or provisions not affected thereby shall continue in operation.

Section 12. Effectivity Clause. This Executive Order shall take effect immediately.

Section 13. Repealing Clause. All laws, issuances, orders, rules and regulations or parts thereof which are inconsistent with this Executive Order are hereby repealed or modified accordingly.

DONE in the City of Manila, this 22nd day of July, in the Year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 234**  
**REORGANIZING THE NATIONAL NUTRITION COUNCIL**

WHEREAS, improved quality of life is the ultimate goal of Philippine development and nutritional improvement is a critical component thereof;

WHEREAS, nutritional improvement involves a broad range of concerns involving various government and non-governmental agencies;

WHEREAS, there is need to strengthen the coordinative activities and programs of the various agencies which is being done by the National Nutrition Council;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino people and the Constitution, do hereby order:

Section 1. Title. This Executive Order shall otherwise be known as the Reorganization Act of the National Nutrition Council (NNC).

Section 2. Attachment. The NNC shall be transferred from the Department of Agriculture and attached to the Department of Social Welfare and Development. The transfer shall include the appropriations, funds, records, equipment and facilities.

Section 3. Composition. The Council shall be composed of a Governing Board and a Secretariat. The Governing Board shall be composed of members representing the following:

- (a) Department of Social Welfare and Development – Chairman;
- (b) Department of Agriculture;
- (c) Department of Health;
- (d) Department of Education, Culture and Sports;
- (e) Department of Local Government;
- (f) Department of Science and Technology;
- (g) Department of Budget and Management;
- (h) Department of Labor and Employment;
- (i) Department of Trade and Industry;
- (j) National Economic and Development Authority; and,
- (k) Three representatives from the private sector to be appointed by the President of the Philippines.

Section 4. Functions and Powers. The Council shall have the following functions and powers:

- (a) To formulate national food and nutrition policies and strategies for nutritional improvement;
- (b) To coordinate the planning and monitor and evaluate the implementation of the integrated national food and nutrition program;
- (c) To coordinate the release of funds for nutrition programs and projects as well as the requests for grants and loans by governmental and non-governmental agencies involved in the food and nutrition program; and,

- (d) To call on any department, bureau, office, agency and other instrumentalities of the government for assistance in the form of personnel, facilities and resources as the need arises.

Section 5. Secretariat. The Council shall have a Secretariat which shall serve as its Executive arm. The Secretariat shall be headed by an Executive Director who shall be assisted by two Deputy Executive Directors, all of whom shall be appointed by the President.

Section 6. Technical Committee. A Technical Committee shall be formed by the Governing Board to be composed of heads of major department bureaus and agencies involved in nutrition and appropriate non-governmental agencies as members. It shall provide technical assistance to the Secretariat and facilitate inter- and intra-agency coordination, supervision and monitoring, and implementation of nutrition policies and programs.

Section 7. New Structure and Pattern. Upon approval of this Executive Order, the officers and employees of the Council shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits.

The new position structure and staffing pattern of the Council shall be approved and prescribed by the Chairman of the Governing Board within one hundred and twenty (120) days from the approval of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by him or by the President as the case may be. Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one (1) month basic salary for every year of service or the equivalent nearest fraction thereof favorable to them on the basis of the highest salary received, but in no case shall such payment exceed the equivalent of 12 months salary.

Section 8. Funding. Funds needed to carry out the provisions of this Executive Order shall be taken out of the appropriations of the Council in the current General Appropriations Act.

Section 9. Implementing Rules. The Council shall issue rules, regulations and issuances as may be necessary to ensure effective implementation of the provisions of this Executive Order.

Section 10. Repealing Clause. All laws, ordinances, rules and regulations, other issuances or parts thereof, which are inconsistent with this Executive Order are hereby repealed or modified accordingly.

Section 11. Effectivity. This Executive Order shall take effect immediately.

APPROVED in the City of Manila, Philippines, this 22nd day of July, in the Year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 235**  
**PROVIDING FOR THE TRANSMISSION FREE OF CHARGE OF OFFICIAL MAIL MATTER OF**  
**THE OFFICE OF THE VICE-PRESIDENT**

WHEREAS, to enable the Office of the Vice-President to discharge its functions and responsibilities promptly and with dispatch, it is necessary to provide it with franking privilege;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The Office of the Vice-President may transmit through the mail, free of charge, all official communications and papers directly connected with the discharge of its functions and responsibilities.

SECTION 2. The envelope or wrapper of the privileged mail matter shall bear on the left upper corner the name, official designation and station of the official sending such mail matter and on the right upper corner, the words: "Private or unauthorized use to avoid payment of postage is penalized by fine or imprisonment or both."

SECTION 3. The Secretary of Transportation and Communications shall, within thirty (30) days from the publication of this Executive Order, promulgate the necessary rules and regulations to carry out the foregoing provisions: Provided, That any person who uses the privilege granted hereunder for private or unauthorized purposes shall be punished by a fine of five hundred pesos or imprisonment of not more than three years or both.

SECTION 4. This Executive Order shall take effect immediately.

Done in the City of Manila, this 22nd day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

**Source: Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 236**  
**STRENGTHENING THE GOVERNMENT CORPORATE MONITORING**  
**AND COORDINATING COMMITTEE AND FOR OTHER PURPOSES**

WHEREAS, government corporations account for an inordinately high proportion of the country's external debt, public sector deficits and total credits;

WHEREAS, almost every aspect of government corporate operation represents a potential claim on government resources;

WHEREAS, a system of financial controls and periodic monitoring of government corporations is necessary to avoid the inefficient allocation and utilization of resources;

WHEREAS, there is a need to strengthen the mechanism for reviewing, monitoring and evaluating the overall performance of individual corporations as well as the government corporate sector as a whole; and

WHEREAS, an effective inter-departmental oversight mechanism is an integral part of the overall public sector rationalization program;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino people and the Constitution, do hereby order:

Section 1. Government Corporate Monitoring and Coordinating Committee. The Government Corporate Monitoring Committee created under Executive Order No. 936 dated February 29, 1984, and reconstituted as the Government Corporate Monitoring and Coordinating Committee under Memorandum Circular No. 10 dated May 19, 1986, hereinafter referred to as the Committee, is hereby reaffirmed as the monitoring and coordinating body for all government-owned or controlled corporations attached to the different Departments which are represented in the Committee and which demand a heavy burden on the National Treasury.

In determining the specific government corporations that shall fall within the scope of this government monitoring system, the Committee shall prepare a list of government corporations on an annual basis subject to the approval of the President: Provided, however, That the President may include additional government corporations even if they are not attached to departments represented in the Committee but demand a heavy burden on the National Treasury.

The Committee shall be composed of the Executive Secretary, the Secretaries of the Departments of Transportation and Communications, Finance, Agriculture, Public Works and Highways, Environment and Natural Resources, and Trade and Industry and the Director-General of the National Economic and Development Authority Secretariat. It shall be chaired on a rotating basis to be decided by the Committee.

Section 2. Staff Support and Secretariat of the Committee. The Committee shall have such secretariat and staff support as it may need in the performance of its functions and duties under this Order.

Section 3. Powers and Functions of the Committee. The Committee shall be responsible for coordinating the operations of the affected government-owned or controlled corporations for the purpose of:

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- (1) Enhancing public accountability in the operations of the affected government-owned or controlled corporations;
  - (2) Promoting efficient allocation and use of resources;
  - (3) Instilling financial discipline and promoting financing self-sufficiency among the affected government-owned or controlled corporations; and
  - (4) Integrating the plans and programs of the affected government-owned or controlled corporations with the requirements and goals of government policy.

For this purpose, the Committee shall have the following powers and functions:

- (a) Establish with the concurrence of affected government-owned or controlled corporations, performance criteria, targets and standards, and conduct periodic review and appraisal of performance in accordance with such agreed criteria, targets and standards;
- (b) Recommend to the President financial sanctions and restrictions such as, but not limited to, withholding of budgetary releases and imposition of additional financial controls on affected government corporations;
- (c) Monitor the implementation by the affected government-owned or controlled corporations of audit recommendations issued by the Commission on Audit to the extent that such audit recommendations are applicable to the evaluation and review functions of the Committee;
- (d) Issue appropriate guidelines, rules and regulations, subject to the approval of the President, implementing the provisions of this Executive Order;
- (e) Provide guidelines and guidance to the affected government-owned or controlled corporations in the preparation of corporate plans;
- (f) Perform such other related functions as may be necessary to carry out its responsibilities.

Section 4. Responsibility of the Committee For Monitoring and Evaluating the Performance of Government Corporations. The Committee shall be the central monitoring, coordinating, and performance evaluation unit for the affected government corporations, and shall, for this purpose, obtain, through the appropriate agencies, the necessary data and information with sectoral and national implications.

For purposes of its monitoring, coordinating and performance evaluation needs, the Committee shall devise an integrated corporate reporting system which will avoid the proliferation of duplicative reports and combine the essentials into a single set of reports. The integrated reporting system should be designed to served the diverse information needs of the Committee and the service-wide agencies concerned. As much as possible, standard integrated reporting formats shall be developed and utilized.

With respect to its performance evaluation function, the Committee, with the concurrence of the affected corporations shall be responsible for developing indicators, criteria, standards and other measures of performance relevant to corporate monitoring, including, the nature and scope of the comparative analysis of corporate performance, the identification of problem areas, the preparation of performance reports, and measures for relevant follow-up actions, and accordingly for implementing a performance evaluation system that will include a comprehensive review of performance on an annual basis.

The evaluation of corporate performance shall consider the degrees of attainment of performance targets in relation to applicable international commitments, implications on budgetary deficits, and similar matters of global or multi-sectoral economic significance, as well as granting of incentives as appropriate to well-performing corporations.

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Section 5. Reports. The Committee shall require the affected corporations to prepare and submit such regular reports and information necessary for the accomplishment of the Committee's functions.

Section 6. Non-Diminution of Departmental Responsibility. Nothing in this Executive Order shall be construed as reducing or absolving the concerned Department to which each affected government-owned or controlled corporation is attached of its responsibilities towards such corporation including the taking of remedial action as may be necessary.

Section 7. Separability Clause. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying the other provisions thereof: Provided, That such remaining portions can still stand and be given effect in their entirety to accomplish the objectives of this Executive Order.

Section 8. Repealing Clause. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed, superseded, amended or modified accordingly.

Section 9. Effectivity Clause. This Executive Order shall take effect immediately.

Done in the City of Manila, this 22nd day of July, in the Year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 237**  
**REORGANIZING THE CABINET SECRETARIAT AND FOR OTHER PURPOSES**

WHEREAS, the Cabinet is the primary advisory body of the President;

WHEREAS, the Cabinet, in support of the Presidency, serves as a forum for information exchange and feedback, issue discussion and resolution, as well as a coordination and integration mechanism;

WHEREAS, the post of Cabinet Secretary with rank and emolument of a Member of the Cabinet, was created last December 22, 1986, to assist in maximizing the services of the Cabinet to the President;

WHEREAS, the Cabinet Secretariat was authorized to provide the technical and administrative support to the Presidential Committee on Public Ethics and Accountability, created under Administrative Order No. 25, dated May 15, 1987;

WHEREAS, the Cabinet Secretary was mandated to preside over the meetings of the Cabinet Assistance System, as reconstituted, under Memorandum Order No. 96, dated June 2, 1987;

WHEREAS, there is a need to define the powers, functions and structure of and to provide for the reorganization of the existing Cabinet Secretariat;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino people and the Constitution, do hereby order:

Section 1. Title. This Executive Order shall otherwise be known as the Act Reorganizing the Cabinet Secretariat.

Section 2. Declaration of Policy. It is hereby declared the policy of the government to strengthen the Office of the President structurally and functionally in the provision of technical support to the Cabinet, the primary advisory council to the President.

Section 3. The Cabinet Secretariat. There is hereby created a Cabinet Secretariat as an integral part of the Office of the President. The Cabinet Secretariat, through a high level support staff, shall assist the President in the establishment of agenda topics for the Cabinet deliberations, or facilitate the discussion of Cabinet meetings.

Section 4. Powers and Functions. To carry out its mandate, the Cabinet Secretariat shall have the following powers and functions: assist in providing timely and organized information to the Cabinet on issues and problems submitted for decision and action; provide conference and administrative support services to the Cabinet, the Cabinet Clusters, the Cabinet Assistance System and other committees created by the Cabinet; at the instance of the Cabinet, conduct technical research and special studies on specific policy issues; maintain an efficient records management system including a Cabinet Archives and a library; certify Cabinet resolutions that indicate agreements and actions reached during Cabinet meetings; and exercise such other functions and powers as may be provided by law or as directed by the President.

Section 5. Structural Organization. The Cabinet Secretariat shall be headed by a Cabinet Secretary, assisted by one Cabinet Undersecretary. The Cabinet Secretary and the Cabinet Undersecretary, who shall have the rank of a Secretary and Undersecretary, respectively, shall be appointed by the President. There shall be two (2) Staffs, namely, the Technical Affairs Staff and the Conference Affairs Staff, each

to be headed by a Presidential Staff Director appointed by the President upon the recommendation of the Cabinet Secretary.

The Cabinet Secretary is hereby authorized to delineate and assign the respective functional areas of responsibilities of the two Staffs.

Section 6. Personnel. The Cabinet Secretary shall ensure that only highly-qualified technical and professional people will be appointed. To the extent possible, subject to qualification standards to be prescribed by the Cabinet Secretary, the Cabinet Secretariat shall draw its personnel from the existing Cabinet Secretariat in the Office of the President.

Section 7. New Structure and Pattern. Upon approval of this Executive Order, the officers and employees of the Cabinet Secretariat shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits.

The new position structure and staffing pattern of the Cabinet Secretariat shall be approved and prescribed by the Cabinet Secretary within one hundred and twenty (120) days from the approval of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by him or by the President as the case maybe. Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one (1) month basic salary for every year of service in the government, or the equivalent nearest fraction thereof favorable to them on the basis of the highest salary received, but in no case shall such payment exceed the equivalent of twelve (12) months of salary.

Section 8. Funding. All applicable appropriations and plantilla items of the Cabinet Secretariat in the defunct Office of the Prime Minister and of the then Cabinet Standing Committee are hereby transferred to the Cabinet Secretariat.

Section 9. Transfer of Records, Assets and Equipment. All applicable records, assets and equipment of the Cabinet Secretariat in the defunct Office of the Prime Minister and of the then Cabinet Standing Committee are hereby transferred to the Cabinet Secretariat.

Section 10. Assistance to the Cabinet Secretary. The Cabinet Secretary may call upon the assistance of any department, bureau, office, agency, committee, council or any instrumentality of the government as may be needed.

Section 11. Separability. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

Section 12. Repealing Clause. All laws, ordinances, rules, regulations and other issuances or parts thereof, which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.

Section 13. Effectivity. This Executive Order shall take effect immediately upon its approval.

Done in the City of Manila, this 22nd day of July, in the Year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 238**

**PLACING THE KILUSANG KABUHAYAN AT KAUNLARAN (KKK) CAPITAL AND ITS  
EARNINGS UNDER THE CONTROL AND SUPERVISION OF THE OFFICE OF THE  
PRESIDENT, AND FOR OTHER PURPOSES**

WHEREAS, under the established livelihood fund delivery systems, the Kilusang Kabuhayan at Kaunlaran (KKK)-National Secretariat directs the release, delivery and utilization of said funds in accordance with existing policies, rules and regulations;

WHEREAS, there is now more than ever a need to promote, generate and develop livelihood opportunities;

WHEREAS, there is an urgent need for a clear mandate to direct the release, delivery and utilization of the KKK Capital Fund and its earnings, if the government is to promote, generate and develop effectively and expeditiously livelihood opportunities now and in the immediate future;

WHEREAS, pursuant to Executive Order No. 85, S. 1986, the MHS was abolished; the specific provisions and intent of Executive Order No. 130, S. 1987, placed the KKK under the supervision and control of the Office of the President, Presidential Management Staff (PMS), such Executive Order expressly authorizing the reorganization of offices/agencies under its supervision;

WHEREAS, it is appropriate that the mandate to direct the use of, supervise the release, delivery and utilization of KKK Capital Fund including its earnings be lodged with the Office of the President;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines do hereby order:

SECTION 1. The Kilusang Kabuhayan at Kaunlaran (KKK) Capital Fund/National Livelihood Support Fund shall be exclusively utilized for the promotion, generation and development of livelihood opportunities under the control and supervision of the Office of the President.

SECTION 2. The Central Bank of the Philippines, the KKK-designated banks and other persons or entities dealing with the KKK Capital Fund/ National Livelihood Support Fund are hereby directed to deliver to the Office of the President all or part of said funds, including their earnings, in their possession or control.

SECTION 3. Consistent with the purpose of the KKK Capital Fund/ National Livelihood Support Fund, the Office of the President shall consolidate said funds or transfer or distribute the same to different accounts or cause the deposit thereof in one or more depositories.

SECTION 4. The Office of the President shall establish new fund delivery systems in addition to or in lieu of existing ones, and all releases of funds shall be in accordance and consistent with such delivery systems and the policies, rules and regulations now existing or that may hereafter be issued by the Office of the President to implement the purpose of the Executive Order.

SECTION 5. All orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 6. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portion or provision can still subsist and be given effect in their entirety.

SECTION 7. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 22nd day of July, in the year of our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 239**  
**REORGANIZING THE DEPARTMENT OF FOREIGN AFFAIRS AND FOR OTHER PURPOSES**

WHEREAS, under Article II, Section 1, of the Provisional Constitution, as adopted in Proclamation No. 3 dated March 25, 1986, the President shall give priority to measures to achieve the mandate of the people to completely reorganize the government;

WHEREAS, Article XVIII, Section 16, of the 1987 Constitution recognizes that the reorganization of the government shall be continued even after the ratification of the Constitution;

WHEREAS, under Article XVIII, Section 6, of the 1987 Constitution, the President shall continue to exercise legislative powers until the First Congress is convened;

WHEREAS, Executive Order No. 132 entitled Reorganizing the Department of Foreign Affairs was signed by the President on February 27, 1987;

WHEREAS, the implementation thereof was suspended;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

Section 1. Title. This Executive Order shall otherwise be known as the Reorganization Act of the Department of Foreign Affairs.

Section 2. Reorganization. The Department of Foreign Affairs, hereinafter referred to as Department, is hereby reorganized, structurally and functionally, in accordance with the provisions of this Executive Order.

Section 3. Declaration of Policy. It is the policy of the State to pursue an independent foreign policy in order to more resolutely design and harness its foreign relations in the active pursuit of rapid national recovery and sustained long-term growth and development, within the framework of national sovereignty, security, territorial integrity, national interest, right to self-determination and commitment to international peace.

Section 4. Mandate. The Department shall advise and assist the President in planning, organizing, directing, coordinating, integrating and evaluating the total national effort in the field of foreign relations.

Section 5. Powers and Functions. To carry out its mandate and accomplish its mission, the Department shall undertake the following functions:

- (a) Conduct the country's foreign relations in accordance with the policies laid down by the President;
- (b) Maintain and develop the country's representation with foreign governments;
- (c) Conduct Philippine representation in the United Nations, the Association of Southeast Asian Nations (ASEAN), and other international and regional organizations;
- (d) Serve as the channel for matters involving foreign relations, including official communications to and from the Republic of the Philippines;
- (e) Negotiate treaties and other agreements pursuant to instructions of the President, and in coordination, when necessary, with other government agencies;

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- (f) In cooperation with other government agencies and the private sector, promote trade, investments, tourism and other economic relations with other countries;
  - (g) Foster cultural relations with other countries and protect and enhance the Philippines' image abroad;
  - (h) In cooperation with other government agencies, undertake efforts to inform the international community about the Philippines;
  - (i) Protect and assist Philippine nationals abroad;
  - (j) Carry out legal documentation functions as provided for by laws and regulations;
  - (k) Monitor and analyze events in other countries and report them, as appropriate, to the President and other government agencies;
  - (l) In cooperation with other government agencies, initiate, formulate, integrate and submit to the President short, medium, and long-range foreign policy plans and programs;
  - (m) Supervise and direct all officials and employees assigned by the Department and other government agencies to Foreign Service establishments abroad in accordance with the pertinent laws, rules and inter-agency agreements;
  - (n) Recruit, maintain and develop a professional career foreign service based on merit.

Section 6. Secretary of Foreign Affairs. The authority and responsibility of the Department for the discharge of its powers and functions shall be vested in the Secretary of Foreign Affairs, hereinafter referred to as Secretary, who shall be appointed by the President and shall have supervision and control over the Department and the Foreign Service.

The Secretary may designate as Special Advisers such Chiefs of Mission on home assignment on specific areas of their expertise as may be required by the exigencies of the service. The Secretary may also create such advisory boards and committees as he may deem necessary to assist and provide him with advice in the formulation of substantive policies, and such other bodies required by existing laws, rules and regulations.

Section 7. Functions of Secretary. The Secretary shall have the following functions:

- (a) Act as the primary and principal adviser of the President in the field of foreign relations;
- (b) Advise the President on the promulgation of executive orders, rules and regulations, proclamation and other issuances relative to matters under the jurisdiction of the Department;
- (c) Establish policies and standards for the efficient and effective operation of the Department in accordance with the programs and projects;
- (d) Promulgate rules and regulations necessary to carry out the Department's objectives, policies, plans, programs and projects;
- (e) Exercise supervision and control over all functions and activities of the Department;
- (f) Supervise all attached agencies in accordance with law;
- (g) Delegate authority for the performance of any function to officers and employees of the Department;
- (h) Perform other functions as may be provided by law or appropriately assigned by the President.

Section 8. Organizational Structure. The Department shall have the following organizational units:



(a) Department Proper:

- (1) Office of the Secretary. Under the Office of the Secretary are the following: Office of the Legal Adviser, the Office of Coordination and Policy Planning, the Office of Data Banking and Communication, the Office of Protocol, State and Official Visits, and the Office of Intelligence and Security. In addition, the following shall be directly under the supervision of the Secretary:

- i. Foreign Service Institute
- ii. UNESCO National Commission of the Philippines
- iii. Technical Assistance Council

- (2) Offices of the two (2) Undersecretaries;

- (3) Offices of the Assistant Secretaries;

- (4) Home Offices:

- a. Office of Asian and Pacific Affairs;
- b. Office of Middle East and African Affairs;
- c. Office of American Affairs;
- d. Office of European Affairs;
- e. Office of ASEAN Affairs;
- f. Office of United Nations and Other International Organizations;
- g. Office of International Economic Affairs and Development;
- h. Office of Cultural Affairs and Public Information;
- i. Office of Personnel and Administrative Services;
- j. Office of Financial Management Services;
- k. Office of Consular Services.

(b) Foreign Service Establishments:

Philippine Embassies, Consulates, Legations and Permanent Missions.

Section 9. Undersecretaries. The Secretary shall be assisted in the discharge of his functions by two (2) Undersecretaries, who shall be appointed by the President upon the recommendation of the Secretary. The Secretary shall determine and assign the respective functions and responsibilities of the Undersecretaries. The Secretary shall designate one of the Undersecretaries as Acting Secretary in his behalf.

SEC. 10. Assistant Secretaries. The Secretary shall also be assisted by six (6) Assistant Secretaries who shall be appointed by the President upon recommendation by the Secretary. The Secretary shall delineate the respective areas of responsibility of each Assistant Secretary.

SEC. 11. Office of the Legal Adviser. There is hereby created an Office of the Legal Adviser under the Office of the Secretary. It shall be headed by a Legal Adviser, who shall be a career Chief of Mission. However, the Legal Adviser may be appointed by the President upon the recommendation of the Secretary from outside the career service. In which case, the Legal Adviser shall have the assimilated rank of a Chief of Mission and whose term shall be, unless sooner terminated, co-terminus with the

tenure of the Secretary and who is not eligible for foreign assignment. The Legal Adviser shall provide legal advice and services to the Department.

SEC. 12. Office of Coordination and Policy Planning. There is hereby created the Office of Coordination and Policy Planning under the Office of the Secretary. It shall be headed by the Chief Coordinator. The Office of Coordination and Policy Planning shall provide staff support to the Office of the Secretary and perform coordinating and such other functions as may be prescribed by the Secretary. It shall initiate, coordinate and integrate the planning of foreign policy.

SEC. 13. Office of Data Banking and Communication. There is hereby created the Office of Data Banking and Communication under the Office of the Secretary. It shall establish and maintain a modern data center in the Department. The Office shall:

- (a) Assist the Secretary on all matters regarding data banking and information retrieval;
- (b) Establish, develop and maintain a computerized foreign-relations data bank for the Department;
- (c) Establish, develop and maintain both the domestic and foreign service communications system including efficient flow systems for all correspondence between and among all Department units;
- (d) Establish, develop and maintain the records system of the entire Department;
- (e) Provide technical assistance to any service, office, or attached agency of the Department, on matters within its competence;
- (f) Perform other related functions as may be assigned by the Secretary.

Section 14. Office of Protocol, State and Official Visits. The Office of Protocol, State and Official Visits shall coordinate preparations for state visits, the reception of Chiefs of States and Heads of Governments, and of the highest foreign dignitaries visiting the Philippines, including official visits of Philippine officials abroad, as may be determined by the President. It shall also be responsible for handling all activities of the Department concerning protocol, ceremonials and socials, the proper observance and enforcement of all formalities, courtesies, facilities, immunities and privileges under the Vienna Convention on Diplomatic Relations and the Vienna Convention on Consular Relations, and other applicable conventions and agreements.

Section 15. Office of Intelligence and Security. The Office of Intelligence and Security shall adopt a system of information gathering and analysis, liaison with the intelligence community and provide security services in the Department. It shall likewise undertake enforcement and monitoring of security procedures in the Department and Foreign Service establishments.

Section 16. Foreign Service Institute. The Foreign Service Institute shall continue to operate under its charter, but shall be revitalized as the training, research, and career development arm of the Department, in accordance with such rules as may be prescribed by the Secretary. The Institute shall be an integral participant in the planning review process in the Department.

Section 17. UNESCO National Commission of the Philippines. The UNESCO National Commission of the Philippines shall, in coordination with the Office of United Nations and other International Organizations, advise the Philippine delegation to the United Nations Educational, Scientific and Cultural Organization (UNESCO) Conference, and the Philippine Government, on matters relating to the UNESCO and shall function as a liaison agency in all matters pertaining to the Commission.

Section 18. Technical Assistance Council. The Technical Assistance Council shall continue to perform its present functions including the conduct and expansion of its programs.

Section 19. Board of Foreign Service Administration. The Board of Foreign Service Administration shall consist of nine (9) members: one Undersecretary as Chairman; the other Undersecretary as Vice-chairman; and, the Heads of the Office of Personnel and Administrative Services and the Office of Financial Management Services, the Legal Adviser and four (4) others to be designated by the Secretary, as members.

The Board shall be responsible for considering and recommending policies for the efficient and economical discharge of the administrative operations of the Department and the Foreign Service. It shall also consider and submit recommendations on policy and other important matters concerning personnel, including the appointment, assignment, and promotion of all Foreign Service Staff Officers and employees as well as to recommend to the President, through the Secretary, the appointment and promotion of Foreign Service Officers, Counselors and Chiefs of Missions. It shall likewise act and submit recommendations on administrative cases involving personnel of the Department and the Foreign Service.

Section 20. Board of Foreign Service Examiners. The Board of Foreign Service Examiners shall be under the administrative supervision of one of the Undersecretaries. It shall be responsible for planning and administering the Foreign Service Officers Examinations. It shall also be responsible for planning and administering the Foreign Service Staff Officers and Foreign Service Staff Employees Examinations. The membership of the Board shall be composed of the Undersecretary as Chairman; the Head of the Office of Personnel and Administrative Services and a Commissioner of the Civil Service Commission, as members.

Section 21. Transferred Agencies.

- a. The Law of the Sea Secretariat is hereby transferred from the defunct Office of the Prime Minister to the Department.
- b. The Inter-Agency Technical Committee on Economic, Scientific and Technical Cooperation with Socialist Countries (SOCCOM), Inter-Agency Technical Committee on Technical Cooperation Among Developing Countries (IATC-TCDC), and the Permanent Inter-Agency Technical Committee on ESCAP Matters (PITCEM), are hereby transferred from the National Economic and Development Authority (NEDA) to the Department.

Section 22. Home Offices.

a. Geographical Offices.

- (1) Office of Asian and Pacific Affairs: Japan and the Northeast Asian countries, China, the Central Asian countries, the Southeast Asian and Pacific countries;
- (2) Office of Middle East and African Affairs: the Gulf States, the Middle Eastern and North African countries, the Western African States and the Eastern African countries;
- (3) Office of American Affairs: United States of America, Canada, Mexico, the Central American and Caribbean countries, and the South American States;
- (4) Office of European Affairs: Union of Soviet Socialist Republics, the Western European countries, the Eastern European countries and the Central European countries;

The above-named Offices shall be responsible for providing staff support and policy guidance in the coordination, supervision, monitoring, integration, and reporting of the activities and operations of Philippine diplomatic missions and establishments within their geographic coverage.

b. Office of ASEAN Affairs. The Office of ASEAN Affairs shall continue to be responsible for Philippine participation and negotiation in ASEAN as well as providing staff support and policy guidance in the coordination, supervision, monitoring, integration, reporting and operations of the Philippine Government to ASEAN.

c. Office of United Nations and Other International Organizations (UNIO). UNIO shall continue to be responsible for Philippine participation in the United Nations and other international organizations, and for providing staff support and policy guidance in the coordination, supervision, monitoring, integration, reporting and operations of the Philippine Government in the United Nations, its specialized agencies and other intergovernmental organizations except ASEAN, as well as for Philippine participation in conferences therein. It shall also serve as the secretariat of all Philippine National Commissions and Councils created pursuant to commitments in the United Nations and its specialized agencies.

d. Office of International Economic Affairs and Development. The Office of International Economic Affairs and Development is hereby created. It shall be responsible for conducting the programs and activities of the Department in the fields of international trade, finance and economics; coordinate with the regional offices and the Office of United Nations and Other International Organizations; and in coordination with the Department of Trade and Industry, conduct trade and investment promotion activities.

e. Cultural Affairs and Public Information Services. The Cultural Affairs and Public Information Services is hereby created and shall initiate, coordinate, integrate, rationalize, monitor, report and evaluate cultural plans, programs and projects. It shall likewise be responsible for the Department's relations with local and foreign media and pertinent institutions, as well as the regular dissemination of relevant information to all foreign service establishments.

f. Office of Personnel and Administrative Services. The Office of Personnel and Management Services is hereby renamed as the Office of Personnel and Administrative Services. It shall be responsible for the efficient management of human resources and administrative support services, and shall make appropriate recommendations, including those concerning job classification, salary administration, benefits, retirement, and awards to deserving members of the Foreign Service.

g. Office of Financial Management Services. The Office of Fiscal Services is hereby renamed as the Office of Financial Management Services. It shall be responsible for budgetary, financial and accounting services in the Department and the Foreign Service.

h. Office of Consular Affairs. The Office of Consular Affairs shall be responsible for the efficient and effective delivery of passport, visa, and authentication services. It shall also extend assistance to Filipino nationals both here and abroad.

Section 23. The Foreign Service. All Philippine embassies, consulates general/consulates and honorary consulates, legations and permanent missions, presently existing, shall continue with their present functions subject to the provision herein below.

The Secretary is hereby ordered to conduct a study and submit to the President within one hundred twenty (120) days from the approval of this Executive Order the following:

- (a) A new classification of diplomatic and consular establishments using, among others, the following criteria of national interest: economic-trade interests, number of Filipino resident nationals, geopolitical significance of the post and historical-cultural considerations. Such reclassification shall be reviewed from time to time;
- (b) A rotation plan for foreign service personnel strictly adhering to the policy of placing personnel in posts where he or she has had the best preparation or training for and in accordance with

the standing policy on rotation of assignments such that no personnel shall remain at one post for an unreasonably extended period;

- (c) Recommendations on the consolidation of diplomatic and consular posts and the creation of others in accordance with the policy expressed in Section 3 hereof;
- (d) Measures to realize the efficient and effective supervision and control by the Department, of foreign service posts including attached agencies.

Section 24. Transitory Provision. In accomplishing the acts of reorganization herein prescribed, the following transitory provisions shall be complied with, unless otherwise provided elsewhere in this Executive Order:

- (a) The transfer of a government unit shall include the functions, appropriations, funds, records, equipment, facilities, choses in action, rights, other assets, and liabilities, if any, of the transferred unit as well as the personnel thereof, as may be necessary, who shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits: Provided, That those personnel of the transferred unit whose positions are not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary or who are not reappointed shall be deemed separated from the service and shall be entitled to the benefits provided under the second paragraph of Section 25 hereof.
- (b) The transfer of functions which results in the abolition of the government unit that has exercised them shall include the appropriations, funds, records, equipments, facilities, choses in action, rights, other assets and personnel as may be necessary to the proper discharge of the transferred functions. The abolished unit's remaining appropriations and funds, if any, shall revert to the General Fund and its remaining assets, if any, shall be allocated to such appropriate units as the Secretary shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Its personnel shall, in a hold-over capacity continue to perform their duties and responsibilities and receive the corresponding salaries and benefits: Provided, That its personnel, whose positions are not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary under Section 25 hereof or who are not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided under the second paragraph of the same Section 25.
- (c) The transfer of functions which does not result in the abolition of the government unit that has exercised them shall include the appropriations, funds, records, equipment, facilities, choses in action, rights, other assets and personnel as may be necessary to the proper discharge of the transferred functions. The liabilities if any, that may have been incurred in connection with the discharge of the transferred functions, shall be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Its personnel shall, in a hold-over capacity continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits: Provided, That any personnel, whose position is not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary under Section 25 hereof or who has not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided under the second paragraph of the same Section 25.

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- (d) In case of the abolition of a government unit which does not result in the transfer of its functions to another unit, the appropriations and funds of the abolished unit shall revert to the General Fund, while the records, equipment, facilities, choses in action, rights, and other assets thereof shall be allocated to such appropriate units as the Secretary shall determine. The liabilities of the abolished unit shall be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations, while the personnel thereof, whose positions are not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary under Section 25 hereof or who have not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided under the second paragraph of the same Section 25.
- (e) In case of merger or consolidation of government units, the new or surviving unit shall exercise the functions (subject to the reorganization herein prescribed and the laws, rules and regulations pertinent to the exercise of such functions) and shall acquire the appropriations, funds, records, equipment, facilities, choses in action, rights, other assets, liabilities if any, and personnel, as may be necessary, of (1) the units that compose the merged unit or (2) the absorbed unit, as the case may be. Such personnel shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits: Provided, That any such personnel, whose position is not included in the new position structure and staffing pattern approved and prescribed by the Secretary under Section 25 hereof or who is not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided under the second paragraph of the same Section 25.
- (f) In case of termination of a function which does not result in the abolition of the government unit which has performed such function, the appropriations and funds intended to finance the discharge of such function shall revert to the General Fund, while the records, equipment, facilities, choses in action, rights and other assets used in connection with the discharge of such function shall be allocated to the appropriate units as the Secretary shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The liabilities, if any, that may have been incurred in connection with the discharge of such function shall likewise be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The personnel who have performed such functions, whose position are not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary under Section 25 hereof or who have not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided under the second paragraph of the same Section 25.

Section 25. New Structure and Pattern. Upon approval of this Executive Order, the officers and employees of the Department shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits.

The new position structure and staffing pattern of the Department shall be approved and prescribed by the Secretary within one hundred twenty (120) days from the approval of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by him or by the President, as the case may be. Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one-month basic salary for every year

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of service or fraction thereof, computed on the basis of the highest salary received, but in no case shall such payment exceed the equivalent of twelve (12) months of salary.

Section 26. Periodic Performance Evaluation. The Secretary is hereby required to formulate and enforce a system of measuring and evaluating periodically and objectively the performance of the Department and submit the same annually to the President.

Section 27. Notice or Consent Requirement. If any reorganizational change herein authorized is of such substance or materiality as to prejudice third persons with rights recognized by law or contract such that notice to or consent of creditors is required to be made or obtained pursuant to any agreement entered into with any of such creditors, such notice or consent requirement shall be complied with prior to the implementation of such reorganizational change.

Section 28. Prohibition Against Change. No change in the reorganization herein prescribed shall be valid except upon prior approval of the President for the purpose of promoting efficiency and effectiveness in the delivery of public services.

Section 29. Funding. Funds needed to carry out the provisions of this Executive Order shall be taken from funds available in the Department.

Section 30. Implementing Authority of Secretary. The Secretary shall issue such rules, regulations and other issuances as may be necessary to ensure the efficient and effective implementation of the provisions of this Executive Order. The Secretary is also authorized to establish, create, transfer or restructure organizational units in the Department, Provided, That any creation, transfer or restructuring of organizational units will be consistent with the provisions of this Executive Order towards promoting simplicity, efficiency and economy in the delivery of public services by the Department.

Section 31. Separability. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

Section 32. Repealing Clause. All laws, ordinances, rules, regulations, other issuances or parts thereof, which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.

Section 33. Effectivity. This Executive Order shall take effect immediately upon its approval.

APPROVED in the City of Manila, Philippines, this 24th day of July, in the Year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 240**  
**PROVIDING FOR THE REORGANIZATION OF THE OFFICE OF THE VICE-PRESIDENT AND**  
**FOR OTHER PURPOSES**

WHEREAS, the Vice-President of the Philippines is the second highest national official duly elected by the Filipino people;

WHEREAS, the 1987 Constitution defines and specifies the instances or events when the Vice-President may assume and discharge the powers and responsibilities of the President;

WHEREAS, cognizant of the important role in our government, the Vice-President must be accorded an opportunity to reorganize his office consistent with the policy of promoting economy and efficiency in government service;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

Section 1. Reorganization. – There shall be a total reorganization of the Office of the Vice-President: Provided, That the reorganization be done within the appropriations of the Office of the Vice-President; and, Provided, further, That the reorganization be done in coordination with the Department of Budget and Management.

Section 2. New Pattern and Structure. Upon effectivity of this Executive Order, the staff of the Office of the Vice-President shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits.

The new position structure and staffing pattern of the Office of the Vice-President shall be approved and prescribed by the Vice President within one hundred twenty (120) days from the effectivity of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by the Vice-President: Provided, however, That the chief of staff or its equivalent position and the assistant chief or assistant chiefs of staff or equivalent position or positions in the Office of the Vice-President shall be appointed by the President, upon recommendation of the Vice-President. The chief of staff and the assistant chief or assistant chiefs of staff shall have the rank, salary, allowance, emoluments and other privileges of a cabinet undersecretary and assistant secretary respectively and shall hold office at the pleasure of the Vice-President.

Section 3. Separation from the Service. Incumbent officials and employees in the Office of the Vice-President who are not reappointed under the new structure and staffing pattern of the Office of the Vice-President shall be deemed separated from the service and shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one-month basic salary for every year of service or the equivalent nearest fraction thereof favorable to them on the basis of the highest salary received but in no case shall such payment exceed the equivalent of twelve (12) months salary.

Section 4. Funding. Funds needed to carry out the provisions of this Executive Order shall be taken from funds available in the Office of the Vice-President.

Section 5. Repealing Clause. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

Section 6. Effectivity. This Executive Order shall take effect immediately.



Done in the City of Manila, this 24th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 241**  
**DISPOSITION OF SPECIFIC FUNCTIONS/ROLES, PROGRAMS AND PROJECTS UNDER**  
**THE PRESIDENTIAL MANAGEMENT STAFF**

WHEREAS, by virtue of Executive Order No. 85, the Ministry of Human Settlements (MHS) has been abolished and the final disposition and/or organizational alignment of its existing programs and projects, agencies, corporations and councils have been made subject to subsequent enactments;

WHEREAS, by virtue of Administrative Order No. 10, a number of entities, agencies, corporations, programs or projects attached previously to the MHS have been transferred to the Office of the Development Management (ODM) which was created by Administrative Order No. 9;

WHEREAS, by virtue of Executive Order No. 130, the ODM has been abolished and all its pertinent functions with applicable records, equipment and personnel have been transferred to the Presidential Management Staff (PMS);

WHEREAS, by virtue of Memorandum Order No. 85, all the remaining agencies, corporations, programs, projects and functions/roles of the defunct Ministry of Human Settlements (MHS) have been transferred to the PMS;

WHEREAS, a number of specific programs, projects and functions/roles transferred to and assumed by the PMS have been found to be inconsistent with the mandate as provided in Executive Order No. 130;

WHEREAS, it is further deemed necessary to transfer these specific programs, projects and functions/roles to the appropriate agencies to promote efficiency and maximum coordination in the delivery of public services;

WHEREAS, it is the avowed policy of the new administration to streamline government operations;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino people and the Constitution, do hereby order:

Section 1. Absorption of Specific PMS Projects in Toto. The following specific programs and projects of the PMS together with their functions, assets, funding, personnel, records, equipment and obligations are hereby absorbed by the herein designated agencies;

- (a) Land Investment Trust Program (LITP) created under Letter of Instructions No. 1170, Series of 1981, is hereby transferred to the Home Insurance Guarantee Corporation (HIGC) of the Housing and Urban Development Coordinating Council (HUDCC).
- (b) Private Sites and Services Project Office (PSSPO) created under Office Order No. 022, Series of 1981, is hereby transferred to the National Home Mortgage and Finance Corporation (NHMFC) of the HUDCC.

Section 2. Transfer of Specific Roles/Functions of the PMS. The specific roles/functions of PMS in the following programs, projects and entities together with their assets, funding, personnel, records, equipment and obligations are hereby transferred to the herein designated agencies:

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- (a) Culion Committee created under Letter of Instructions No. 796, Series of 1979, and the Culion Development Project (CDP) are hereby transferred to the Palawan Integrated Area Development Project (PIADP) of the National Council on Integrated Area Development (NACIAD);
  - (b) National Artists Awards (NAAWA) created under Presidential Decree No. 208, series of 1973, is hereby transferred to the Presidential Commission on Culture and Arts (PCCA);
  - (c) Asean Association for Planning and Housing (AAPH) where the Philippine commitment grant is provided in Letter of Instructions No. 1001, series of 1980, is hereby transferred to the International Committee Fund of the Department of Foreign Affairs (DFA); and
  - (d) Markets Infrastructure Development Council (MIDC) created under Executive Order No. 821, series of 1982, is hereby transferred to the Department of Local Government (DLG).

Section 3. Implementing Authority of the Transferee Agencies. The transferee agencies designated in Sections 1 and 2 above shall issue such rules, regulations, and other issuances as may be necessary to ensure the effective implementation of this Executive Order.

Section 4. Existing Contracts, Agreements, Obligations. All existing legitimate contracts, agreements, and other obligations entered into or incurred by virtue of the functions/roles, programs and projects listed in Sections 1 and 2 above, shall continue to be in force subject to review, insofar as the law may allow, by the designated transferee agencies.

Section 5. Funding. The transfer of existing fund allocations of the aforesaid transferred functions/roles, programs and projects to the transferee agencies shall be in the following schemes:

- (a) Automatic transfer of funds to transferee agencies listed in Sections 1 and 2 which are not government corporations; and,
- (b) Fund allocations to transferee government corporations listed in Sections 1 and 2 shall be determined by the Department of Budget and Management (DMB).

Section 6. Transitory Provision. Upon approval of this Executive Order, the officers and employees of entities whose functions/roles, programs and projects are mentioned in Sections 1 and 2 above shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the government service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent nearest fraction thereof favorable to them on the basis of highest salary received, but in no case shall such payment exceed the equivalent of twelve months' salary.

Section 7. Separability Clause. The provisions of this Executive Order are hereby declared to be separable, and if any provision or section of this Order or application hereof should, for any reason, be held invalid or unconstitutional, such invalidity or unconstitutionality shall not affect other provisions or sections of this Order.

Section 8. Effectivity. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 24th day of July, in the Year of our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 242**

**AMENDING**

**EXECUTIVE ORDER NO. 133, SERIES OF 1987 ENTITLED “REORGANIZING THE  
DEPARTMENT OF TRADE AND INDUSTRY ITS ATTACHED AGENCIES, AND FOR  
OTHER PURPOSES”**

WHEREAS, Executive Order No. 133 entitled “Reorganizing the Department of Trade and Industry, Its Attached Agencies and For Other Purposes”, was approved on 27 February 1987 pursuant to Section 16, Article XVIII of the 1987 Constitution;

WHEREAS, there are provisions in the said Executive Order which have to be clarified and revised to ensure the effective and efficient implementation of the provisions thereof, including provisions pertaining to the reorganization of the said Department;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

Section 1. Section 9, paragraph (b), referring to the “National Service Centers”, is hereby deleted. Accordingly Section 9, paragraph (c) is hereby re-lettered as paragraph (b).

Section 2. Section 11, paragraph (k) of Executive Order No 133 is hereby amended to read as follows:

“(k) The National Industrial Manpower Training Council shall act as the umbrella agency to coordinate the Cottage Industry Technology Center, the Construction Manpower Development Foundation, and the Construction Manpower Development Center and perform other functions such as initiating specialized industrial training centers and identifying supply-demand factors and industrial skills subject to the direction formulated by the National Manpower and Youth Council.”

Section 3. Section 12 of Executive Order No. 133 is hereby amended to read as follows:

“Section 12. Office of the Undersecretary for Domestic Trade. The Office of the Undersecretary for Domestic Trade shall include all the staff bureaus and services involved in policy formulation, standards development, programs development, and program monitoring of the development, regulatory, and service delivery programs pertinent to domestic trade and commerce being implemented by the Department’s line operating units. The Undersecretary for Domestic Trade shall supervise the following:

**Bureau of Trade Regulation and Consumer Protection.** This Bureau shall formulate and monitor the implementation of programs for the effective enforcement of laws, correct interpretation and adoption of policies on monopolies and restraint of trade, mislabelling, product misrepresentation and other unfair trade practices; monitor the registration of business names and the licensing and accreditation of establishments and practitioners; protect

and safeguard the interest of consumers and the public, particularly the health and safety implications of intrinsic product features, product representation, and the like; and establish the basis for evaluating consumer complaints and product utility failures.

**Bureau of Domestic Trade Promotion.** This Bureau shall prepare and monitor the implementation of plans and programs directed at the promotion and development of domestic trade, particularly in the area of efficiency, fairness and balance in the distribution of essential products and services and in the strengthening of the domestic base for export activities; conceptualize, monitor, and evaluate programs, plans and projects intended to create awareness of domestic marketing opportunities for new projects, new technologies and investments.

**Bureau of Patents, Trademarks, and Technology Transfer.** This Bureau shall examine applications for grant of letters, patent for inventions, utility models and industrial designs, and the subsequent grant or refusal of the same; register trademarks, tradenames, service marks and other marks of ownership; hear and adjudicate contested proceedings affecting rights to patents and trademarks; receive, process for registration and evaluate technology transfer arrangements as to their appropriateness and need for the technology or industrial property rights, reasonableness of the technology payment, and for the prohibition of restrictive business clauses; and comply with all its statutory publication requirements by publishing the same in a newspaper of general circulation, or in the Official Gazette: Provided, That such publication in the official publication of the Bureau shall be constructive notice of said statutory publication requirements published therein.

- (d) **Bureau of Product Standards.** This Bureau shall review the products contained in the critical imports list in accordance with established national standards or relevant international standards and buyer-seller specifications; promulgate rules and regulations necessary for the country's shift to the international system of units; study and/or research on the various reference materials to be used as basis for the start of whatever analysis or evaluation is demanded by the products under examination or investigation; establish standards for all products of the Philippines for which no standards have as yet been fixed by law, executive order, rules and regulations and which products are not covered by the standardization activities of other government agencies; participate actively in international activities on standardization, quality control and metrology, ensure the manufacture, production and distribution of quality products for the protection of consumers; test and/or analyze standardized and unstandardized products for purposes of product standard formulation and certification; extend technical assistance to producers to improve the quality of their products; check length, mass and volume measuring instruments; and maintain consultative liaison with the International Organization for Standardization, Pacific Area Standards Congress and other international standards organizations."

Section 4. Section 18, paragraph (v) is hereby amended to read as follows:

- "(v) The Center for International Trade Expositions and Missions, Inc. is hereby merged with the Philippine Trade Exhibition Center. The latter shall be the surviving entity and is hereby renamed "Center for International Trade Expositions and Missions."

Section 5. All provisions of Executive Order No. 133 regarding the transfer of the Videogram Regulatory Board to the Department from the Office of the President, are hereby repealed.

Section 6. All laws, rules, and regulations, and other similar issuances, or parts thereof, which are inconsistent herewith are hereby repealed or modified accordingly.

Section 7. This Executive Order shall take effect immediately upon approval.

DONE in the City of Manila, Philippines, this 24th day of July, in the Year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 243**  
**DECLARING THE EFFECTIVITY OF THE CREATION OF THE OFFICE OF THE OMBUDSMAN**  
**AS PROVIDED FOR IN THE 1987 CONSTITUTION.**

WHEREAS, the 1987 Constitution has created an independent Office of the Ombudsman.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. The Office of the Ombudsman as provided for under Section 5, Article XI, of the 1987 Constitution is hereby declared to be now in existence.

SECTION 2. The Office of the Ombudsman shall be composed of the Ombudsman to be known as Tanodbayan, one overall Deputy and at least one Deputy each for Luzon, Visayas, and Mindanao. A separate Deputy for the Military establishment may likewise be appointed.

SECTION 3. The officials and employees of the Office of the Ombudsman, other than the Deputies, shall be appointed by the Ombudsman according to the Civil Service Law.

SECTION 4. The Ombudsman and his Deputies shall be natural-born citizens of the Philippines, and at the time of their appointment, at least forty years old, of recognized probity and independence, and members of the Philippine Bar, and must not have been candidates for any elective office in the immediately preceding election. The Ombudsman must have for ten years or more been a judge or engaged in the practice of law in the Philippines.

During their tenure, they shall be subject to the same disqualifications and prohibitions as provided for in Section 2 of Article IX-A of the Constitution.

SECTION 5. The Ombudsman and his deputies shall be appointed by the President from a list of at least six nominees prepared by the Judicial and Bar Council, and from a list of three nominees for every vacancy thereafter. Such appointments shall require no confirmation. All vacancies shall be filled within three months after they occur.

SECTION 6. The Ombudsman and his Deputies shall have the rank of Chairman and Members, respectively, of the Constitutional Commissions, and they shall receive the same salary, which shall not be decreased during their term of office.

SECTION 7. The Ombudsman and his Deputies shall serve for a term of seven years without reappointment. They shall not be qualified to run for any office in the election immediately succeeding their cessation from office.

SECTION 8. The Ombudsman and his Deputies, as protectors of the people, shall act promptly on complaints filed in any form or manner against public officials or employees of the Government, or any subdivision, agency or instrumentality thereof, including government-owned or controlled corporations, and shall, in appropriate cases, notify the complainants of the action taken and the result thereof.

SECTION 9. The Office of the Ombudsman shall have the following powers, functions, and duties:



- (1) Investigate on its own, or on complaint by any person, any act or omission of any public official, employee, office or agency, when such act or omission appears to be illegal, unjust, improper, or inefficient.
- (2) Direct, upon complaint or at its own instance, any public official or employee of the Government, or any subdivision, agency or instrumentality thereof, as well as of any government-owned or controlled corporation with original charter, to perform and expedite any act or duty required by law, or to stop, prevent, and correct any abuse or impropriety in the performance of duties.
- (3) Direct the officer concerned to take appropriate action against a public official or employee at fault, and recommend his removal, suspension, demotion, fine, censure, or prosecution, and ensure compliance therewith.
- (4) Direct the officer concerned, in any appropriate case, and subject to such limitations as may be provided by law, to furnish it with copies of documents relating to contracts of transactions entered into by his office involving the disbursement or use of public funds or properties, and report any irregularity to the Commission on Audit for appropriate action.
- (5) Request any government agency for assistance and information necessary in the discharge of its responsibilities, and to examine, if necessary, pertinent records and documents.
- (6) Publicize matters covered by its investigation when circumstances so warrant and with due prudence.
- (7) Determine the causes of inefficiency, red tape, mismanagement, fraud, and corruption in the Government and make recommendations for their elimination and the observance of high standards of ethics and efficiency.
- (8) Promulgate its rules of procedure and exercise such other powers or perform such functions or duties as may be provided by law.

SECTION 10. The Office of the Ombudsman shall enjoy fiscal autonomy. Its approved annual appropriations shall be automatically and regularly released.

SECTION 11. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 12. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 24th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 244**  
**DECLARING THE EFFECTIVITY OF THE CREATION OF THE OFFICE OF THE SPECIAL  
PROSECUTOR AS PROVIDED FOR IN THE 1987 CONSTITUTION.**

WHEREAS, pursuant to Section 7, Article XI, of the 1987 Constitution, “the existing Tanodbayan shall hereafter be known as the Office of the Special Prosecutor.”

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. The Office of the Special Prosecutor as provided for in Section 7, Article XI, of the 1987 Constitution is hereby declared to be now in existence.

SECTION 2. The Office of the Special Prosecutor shall exercise powers presently exercised by the Tanodbayan except those conferred on the Office of the Ombudsman under the Constitution.

SECTION 3. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 4. This Executive Order shall take effect immediately.

Done in the City of Manila, this 24th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 245**  
**IMPLEMENTING THE CONSOLIDATION OF ALL TOBACCO AGENCIES AND THE**  
**CREATION OF THE NATIONAL TOBACCO ADMINISTRATION, PRESCRIBING ITS**  
**CHARTER AND FOR OTHER PURPOSES**

WHEREAS, under Executive Order No. 116, the various tobacco agencies have been consolidated with the creation of the National Tobacco Administration to promote efficiency, economy and effectiveness in government;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

Section 1. Declaration of Policy. It is hereby declared to be the policy of the government to promote the development of the tobacco industry and to improve the quality of life of all those who depend upon the industry as a source of livelihood, especially the tobacco farmers.

Section 2. Purposes and Objectives. The National Tobacco Administration hereinafter referred to as NTA, shall have the following purposes and objectives:

- a. To improve the economic and living conditions and raise the quality of life of the tobacco farmers including those who depend upon the industry for their livelihood; and
- b. To promote the balanced and integrated growth and development of the tobacco industry to help make agriculture a solid basis for industrialization.

Section 3. Powers and Functions of the NTA.

A. General Powers. The NTA shall have the following general powers:

1. To administer and regulate the tobacco industry in the Philippines;
2. To incur any obligation or enter into contract with any person, material or juridical, domestic or foreign, essential to the proper administration of its affairs and the accomplishment of its purposes and objectives;
3. To own, purchase, lease, mortgage, encumber or otherwise dispose of real and personal property as the attainment of its purposes and objectives may reasonably permit.

B. Specific Powers. The NTA shall have the following specific powers and functions:

1. To promulgate and enforce rules and regulations on the production, standardization, classification, grading and trading of tobacco and tobacco products as may be necessary to attain its purposes and objectives and to pursue the policy of government on tobacco;
2. To conduct agricultural and industrial research and to establish, operate and maintain experimental stations;
3. To accept and receive financial and other support from private and other sources for the development and promotion of the Philippine tobacco industry;

4. To provide incentives and other financial assistance to tobacco growers and association thereof, directly in conjunction with accredited financial institutions;
5. Impose administrative sanctions for violation of the rules and the regulations issued by the NTA.

Section 4. Governing Body of the NTA. The NTA shall be governed by a Board of Directors composed of:

- a. The Secretary of Agriculture, as ex-officio Chairman;
- b. The NTA Administrator, who shall be the Vice-Chairman;
- c. A Senior Official of the Department of Agriculture, duly designated by the Secretary of Agriculture, as ex-officio member; and
- d. Six (6) other members who shall be appointed by the President of the Philippines upon recommendation of the Chairman; Provided, That, one (1) shall come from the tobacco manufacturing sector, one (1) from the tobacco traders/exporters sector, three (3) from the tobacco farmers sector and one (1) from the academic community.

Section 5. Terms of Office of Members of the Board of Directors. Unless sooner removed for cause, the Members of the Board of Directors shall hold office for a period of two (2) years from the date of their respective appointments without reappointment; Provided, that any member appointed to a vacancy shall serve only for the unexpired term of the member whom he succeeds.

Section 6. Powers and Functions of the Board. The Board of Directors shall act as the policy-making body of the NTA to formulate policies, promulgate regulations and prescribe rules in the exercise of its specific powers and those which are necessary, implied, incidental or conducive to the attainment of the agency's purposes and objectives.

Section 7. Meetings of the Board. The Board shall convene in a regular meeting once a month and shall hold special meetings as frequently as necessary. The presence of at least five (5) members of the Board shall constitute a quorum and the vote of a majority of those present shall be sufficient to transact business during any meeting; Provided, That the Chairman or the Administrator/Vice-Chairman, when acting as Chairman, shall not vote except in case of a tie.

The Chairman and members of the Board shall be entitled to per diems and other allowable emoluments as may be fixed by the Board for every meeting actually attended subject to existing laws, rules and regulations; Provided, That the Administrator shall receive only the remuneration and allowances which shall be provided by the Board for the Administrator, subject to existing compensation rules and regulations.

Section 8. Administrator and Deputy Administrators. The Administrator who shall be appointed by the President of the Philippines upon recommendation of the Secretary of Agriculture, shall be the Chief Executive Officer of the NTA. He shall be assisted by at least two (2) Deputy Administrators who shall be appointed by the President upon the recommendation of the NTA Administrators.

The Administrator shall have the power to:

- a. Submit policy recommendations and proposed measures necessary to carry out the purposes, objectives and functions of the NTA for the consideration of the Board;
- b. Recommend to the Board, for approval, an organizational structure, staffing pattern, salary structure, and plantilla of personnel of the NTA, in accordance with existing laws, rules and regulations;

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- c. Execute, administer and implement policies and measures approved by the Board;
  - d. Submit to the Board, in line with the national budget cycle, an annual budget and such supplemental budget as may be necessary for its consideration and approval;
  - e. Represent the NTA in all its dealings with other persons, entities, agencies, and institutions, whether public or private, domestic or foreign, subject to the limitations and conditions herein provided;
  - f. Appoint, subject to the confirmation of the Board, and discipline or remove for cause in accordance with the Civil Service Law, rules and regulations, the officers and personnel of the NTA;
  - g. Perform such other duties which are purely managerial or routinary in nature and those which may be assigned to him by the Board or by other competent authority;

The Deputy Administrator shall have the following powers and functions:

1. Assist the Administrator in assuming the responsibilities and in the exercise of his powers and functions;
2. Discharge such other responsibilities and functions as may be required by the Administrator or the Board.

Section 9. Funding Sources. The NTA shall be funded by combining the individually approved 1987 appropriations of the merged tobacco agencies. Thereafter, its budget shall be incorporated in the General Appropriations Act.

In addition, it is hereby ordered that the funds held by the Philippine Tobacco Board, the Philippine Virginia Tobacco Board, The Philippine Tobacco Administration, the Philippine Virginia Tobacco Administration, The Virginia Tobacco Fuelwood Corporation and the Philippine Tobacco Research and Training Center, including but not limited to return on investments, revenue from operations, and other sources, shall accrue and be turned over to the NTA to form part of its Funds.

Section 10. Applicability of Civil Service Laws, Rules and Regulations. The NTA shall be subject to the Civil Service Laws, rules and regulations on all matters regarding personnel administration and management.

Section 11. Audit of NTA. The NTA shall be under the auditing jurisdiction of the Commission on Audit (COA) and for this purpose, the Chairman of the COA may assign a Resident Auditor to the NTA and such other personnel as may be necessary to assist the said Auditor in the performance of his duties. The NTA shall include in its budget the cost of audit as provided by the provisions of applicable laws.

Section 12. Transitory Provisions.

- a. The incumbent officials and employees from the rank of department manager and below shall continue to exercise their respective functions, duties and responsibilities, with the corresponding benefits and privileges unless and until otherwise ordered by the Board.
  - b. The Civil Service Law, rules and regulations are hereby adopted in the selection and appointment of officials and personnel of the NTA; Provided, That personnel of the consolidated tobacco agencies shall enjoy preference, all things being equal, in appointment to appropriate positions in the NTA.
  - c. The new position structures and staffing patterns of the Authority shall be approved and prescribed by the Board within ninety (90) days from the approval of this Executive Order
-

and the authorized positions created thereunder shall be filled with regular appointments by the Board or by the President, as the case may be. Those incumbents whose positions are not included in the new position structure and staffing pattern or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid by the equivalent of one-month salary of every year of service or fraction thereof, computed on the basis of the highest salary received, but in no case shall such payment exceed the equivalent of 12 months salary.

Section 13. Repealing Clause. The provisions of the respective charters of the consolidated tobacco agencies, other laws, decrees, executive orders, administrative orders, letters of instructions and rules and regulations inconsistent herewith are hereby repealed or modified accordingly.

Section 14. Effectivity. This Executive Order shall take effect immediately upon its approval.

Done in the City of Manila, Philippines, this 24th day of July, in the Year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 246**  
**PROVIDING FOR THE CREATION OF THE NATIONAL INTELLIGENCE COORDINATING**  
**AGENCY AND FOR OTHER PURPOSES**

WHEREAS, the President of the Philippines is mandated to complete the reorganization of the government, promote internal stability and preserve sovereignty under the new Constitution;

WHEREAS, there is a need to establish and maintain a mechanism under the Office of the President to integrate national intelligence to insure the stability of government;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign people and the New Constitution, do hereby order:

Section 1. The National Intelligence Coordinating Agency, hereinafter referred to as NICA, is hereby created under the Office of the President to replace the National Intelligence Security Authority (NISA), and the Civil Intelligence and Security Agency (CISA), which are hereby abolished.

Section 2. The NICA shall be the focal point for the direction, coordination and integration of government activities involving intelligence, and the preparation of intelligence estimates of local and foreign situations for the formulation of national policies by the President.

Section 3. The NICA shall be headed by a Director-General who shall be assisted by a Deputy Director-General. Both officials shall be appointed by the President and shall hold office at the pleasure of the President.

Section 4. The Deputy Director-General shall assist the Director-General in the performance of his functions and, in his absence, perform the functions of the Director-General.

Section 5. The NICA shall be under the administrative supervision of, and give support services to, the National Security Council; however, the agency may report directly to the President, as the President may require.

Section 6. The National Intelligence Board (NIB) shall continue to serve as the advisory body to the Director-General of NICA for the coordination and integration of intelligence activities in the Government.

Section 7. The members of the National Intelligence Board shall be appointed by the President. The National Security Director may sit in all meetings of the Board.

Section 8. The organization of the NICA shall consist of the following:

- a) The Office of the Director-General which shall undertake the overall management and operation of the various components of the agency, provide executive staff support, public relations, legal service, and internal audit for the Agency;
- b) The Directorate for Operations, headed by the Assistant Director-General for Operations, which shall be responsible for the collection of information;
- c) The Directorate for Production, headed by the Assistant Director-General for Production, which shall be responsible for the preparation of intelligence estimates and other reports, and the maintenance of automated data processing for the Agency;

- d) The Directorate for Administration, headed by the Assistant Director-General for Administration, which shall be responsible for personnel and training, transportation and communications, supplies and materials, grounds and buildings maintenance, security, and other support services;
- e) The Management and Planning Office which shall formulate plans, policies and programs on the direction, integration and coordination of national intelligence activities and on the operation and management improvement of the Agency;
- f) The Office of the Comptroller which shall provide financial management and control for the Agency; and
- g) As many Field Stations as may be determined by the Director-General which shall undertake intelligence collection activities and provide reports necessary for the preparation of assessments and estimates.

Section 9. The organization and staffing pattern of the NICA shall be recommended by the Director-General for the approval of the President.

Section 10. All funds, records, equipment, buildings, facilities and other properties of NISA and CISA, and such personnel as may be necessary based on qualifications and merit, as determined by the Director-General of NICA shall be transferred to the appropriate offices and divisions of the NICA. Thereafter, such sums as may be necessary to carry out the provisions of this Executive Order shall be included annually in the General Appropriations Act.

Section 11. All personnel whose services are terminated as a result of the abolition or reorganization of NISA and CISA shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one-month basic salary for every year of service or the equivalent nearest fraction thereof favorable to them on the basis of the highest salary received, but in no case shall such payment exceed the equivalent of twelve (12) months salary.

Section 12. All laws, presidential decrees, executive orders, letters of instructions, and edicts which are inconsistent with this Executive Order are hereby repealed or modified accordingly.

Section 13. The invalidity or unconstitutionality of any provision of this Executive Order shall not affect other provisions thereof which shall continue to be in full force and effect.

Section 14. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 24th day of July, in the year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) CORAZON C. AQUINO

By the President

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.



MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 247**  
**REORGANIZING THE PHILIPPINE OVERSEAS EMPLOYMENT ADMINISTRATION**  
**AND FOR OTHER PURPOSES**

WHEREAS, Executive Order No. 5 (1986), provides that the necessary and proper changes in the organizational and functional structures of the government, its agencies and instrumentalities need to be effected to promote efficiency and effectiveness in the delivery of public services;

WHEREAS, it has become necessary to institute changes in the functional structure of the Philippine Overseas Employment Administration in order to enhance its effectiveness in responding to changing market and economic conditions and to the call of the national development plan for the strengthening of the worker protection and regulation components of the overseas employment program; and,

WHEREAS, the Philippine Overseas Employment Administration has to systematize its operations by rationalizing its functions, structure and organization to make it more efficient in undertaking its principal function of formulating and implementing a systematic program for promoting and monitoring the overseas employment of Filipino workers and for protecting their rights to fair and equitable employment practices, and in order that it may respond more effectively to the new demands for more meaningful welfare services to workers, better protection of their rights, more efficient adjudication of cases and more efficient manpower delivery system.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino people and the Constitution, do hereby order:

Section 1. Title. This Executive Order shall otherwise be known as the Reorganization Act of the Philippine Overseas Employment Administration.

Section 2. Reorganization. The Philippine Overseas Employment Administration hereinafter referred to as the Administration is hereby reorganized, structurally and functionally in accordance with the provisions of the Executive Order.

Section 3. Powers and Functions. In the pursuit of its mandate, the Administration shall have the following powers and functions:

- (a) Regulate private sector participation in the recruitment and overseas placement of workers by setting up a licensing and registration system;  
Formulate and implement, in coordination with appropriate entities concerned, when necessary, a system for promoting and monitoring the overseas employment of Filipino workers taking into consideration their welfare and the domestic manpower requirements;  
Protect the rights of Filipino workers for overseas employment to fair and equitable recruitment and employment practices and ensure their welfare;  
Exercise original and exclusive jurisdiction to hear and decide all claims arising out of an employer-employee relationship or by virtue of any law or contract involving Filipino workers for overseas employment including the disciplinary cases; and all pre-employment cases which are administrative in character involving or arising out of violation of requirement laws, rules

and regulations including money claims arising therefrom, or violation of the conditions for issuance of license or authority to recruit workers.

All prohibited recruitment activities and practices which are penal in character as enumerated and defined under and by virtue of existing laws, shall be prosecuted in the regular courts in close coordination with the appropriate Departments and agencies concerned;

- (e) Maintain a registry of skills for overseas placements;
- (f) Recruit and place workers to service the requirement for trained and competent Filipino workers by foreign governments and their instrumentalities and such other employers as public interest may require;
- (g) Promote the development of skills and careful selection of Filipino workers for overseas employment;
- (h) Undertake overseas market development activities for placement of Filipino workers;
- (i) Secure the best terms and conditions of employment of Filipino contract workers and ensure compliance therewith;
- (j) Promote and protect the well-being of Filipino workers overseas;
- (k) Develop and implement programs for the effective monitoring of returning contract workers, promoting their re-training and re-employment or their smooth-re-integration into the mainstream of national economy in coordination with other government agencies;
- (l) Institute a system for ensuring fair and speedy disposition of cases involving violation of recruitment rules and regulations as well as violation of terms and conditions of overseas employment;

Establish a system for speedy and efficient enforcement of decisions laid down through the exercise of its adjudicatory function;

Establish and maintain close relationship and enter into joint projects with the Department of Foreign Affairs, Philippine Tourism Authority, Manila International Airport Authority, Department of Justice, Department of Budget and Management and other relevant government entities, in the pursuit of its objectives. The Administration shall also establish and maintain joint projects with private organizations, domestic or foreign, in the furtherance of its objectives.

Section 4. Structural Organization. The Administration shall consist of the Governing Board, the Office of the Administrator, the Offices of such number of Deputy Administrators as may be necessary, Office of the Director for each of the principal subdivisions of its internal structure:

- (a) The Governing Board shall be composed of the Secretary of Labor and Employment as Chairman, the Administrator and a third member, considered well-versed in the field of overseas employment who shall be appointed by the President to serve for a term of two (2) years;
- (b) The Administrator and such Deputy Administrator and Directors as may be necessary shall be appointed by the President upon recommendation of the Secretary;
- (c) The functional structure of the Administration shall be established along the areas of: market development, employment, welfare, licensing, regulation and adjudication. Each of the principal substantive subdivisions of the Administration shall be headed by a Director and shall have such departments and units as may be necessary.

Section 5. Regional Extension Units. The Administration is hereby authorized to set up regional extension units in such regions as the Governing Board may determine to be necessary to promote efficient and economic delivery of its services. The regional extension units shall be under the administrative supervision of the Labor Regional Director. It shall have, among others, the following functions:

- Execute the policies, plans and programs of the Administration in the regions outside of the Metro Manila area;
- Coordinate with local government officials on the matter of implementation of the Administration's program on overseas employment;
- Advise the central office on the needs of the region for particular welfare and regulatory programs;
- (d) Establish linkages with other allied government agencies in the pursuance of the objectives of the overseas employment program;
- Coordinate the anti-illegal recruitment campaign in the regions;
- (f) Perform other functions as the Administration may deem necessary.

Section 6. New Structure and Pattern. Upon approval of this Executive Order, the officers and employees of the Philippine Overseas Employment Administration shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service. The new structure and staffing pattern for the Philippine Overseas Employment Administration shall be approved and prescribed by the Secretary of the Department of Labor and Employment, within one hundred twenty (120) days from the approval of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by the Secretary of the Department of Labor and Employment or the President as the case may be. Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one-month salary for every year of service, or fraction thereof, computed on the basis of the highest salary received, but in no case shall such payment exceed the equivalent of twelve (12) months salary.

Section 7. Prohibition Against the Organizational Change. No change in the reorganization herein prescribed shall be valid except upon approval of the President for the purpose of promoting efficiency and effectiveness in the delivery of public service.

Section 8. Funding. Funds needed to carry out the provisions of this Executive Order shall be taken from funds available in the Administration.

Section 9. Implementing Authority of Secretary. The Secretary shall issue such rules, regulations and other issuances as may be necessary to ensure the effective implementation of the provisions of this Executive Order.

Section 10. Separability Clause. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions that can still subsist and be given effect in their entirety.

Section 11. Repealing Clause. All laws, ordinances, rules, regulations, other issuances or parts thereof, which are inconsistent with this Executive Order are hereby repealed or modified accordingly.

Section 12. Effectivity. This Executive Order shall take effect immediately.

APPROVED in the City of Manila, Philippines, this 24th day of July, in the Year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 248**

AMENDING EXECUTIVE ORDER NO. 906, FURTHER DIRECTING THE REVIEW OF THE PROGRESSIVE CAR MANUFACTURING PROGRAM (PCMP), AND FOR OTHER PURPOSES

WHEREAS, Executive Order No. 906, issued on August 4, 1983, directed the review by the Board of Investments of the Progressive Car Manufacturing Program (PCMP);

WHEREAS, as a result of its most recent review, the Board of Investments is formulating a Car Development Program (CDP) together with a Commercial Vehicle Development Program (CVDP) to supplant the PCMP and the Progressive Truck Manufacturing Program (PTMP);

WHEREAS, it is necessary to revise Executive Order No. 906 in order that the Government may adopt fundamental reforms in the PCMP;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

Section 1. The Board of Investments shall, in consultation with the appropriate agencies, review and revise the Progressive Car Manufacturing Program as adopted in 1970, with the end objective of achieving an economic balance, considering technology development, increased domestic manufacturing activity, optimum use of existing domestic manufacturing facilities, foreign exchange savings and reasonable consumer prices.

Section 2. Taking into consideration the end objective specified in Section 1 hereof, the Board of Investments shall recommend new guidelines for a Car Development Program (CDP) which will include, among others, the number of participants. Based on the recommendations of the Board of Investments, the President shall promulgate the necessary guidelines.

Section 3. The new guidelines shall further indicate the commitments of the participant/s as well as terms and conditions relative thereto.

Section 4. The Board of Investments is likewise directed to review and revise the Progressive Truck Manufacturing Program (PTMP) with the objective of recommending new guidelines for a Commercial Vehicle Development Program (CVDP). Based on the recommendation of the Board of Investments, the President shall promulgate the necessary guidelines.

Section 5. The Central Bank shall grant foreign exchange allocations to support the participant/s of the new programs upon the recommendation of the Board of Investments.

Section 6. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 24th day of July, in the year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 249**  
**PROVIDING FOR A NEW INCOME CLASSIFICATION OF PROVINCES, CITIES AND**  
**MUNICIPALITIES, AND FOR OTHER PURPOSES**

WHEREAS, THE LAST RECLASSIFICATION OF PROVINCES, CITIES AND MUNICIPALITIES TOOK EFFECT ON July 1, 1982, AND AS PROVIDED FOR UNDER EXISTING LAW, THE NEXT GENERAL RECLASSIFICATION SHALL BE EFFECTIVE July 1986;

WHEREAS, A REVIEW OF THE PRESENT CLASSIFICATION SCHEME REVEALED THAT AROUND EIGHTY PER CENT (80%) OF PROVINCES, CITIES AND MUNICIPALITIES WILL FALL UNDER THE SAME CLASS, THEREBY NULLIFYING THE VERY OBJECTIVES AND PURPOSES OF CATEGORIZING LOCAL GOVERNMENT UNITS;

WHEREAS, THE INCOME CLASSIFICATION OF PROVINCES, CITIES AND MUNICIPALITIES SERVES, AMONG OTHER PURPOSES, AS BASIS FOR FIXING THE MAXIMUM TAX CEILINGS IMPOSABLE BY THE LOCAL GOVERNMENTS, FOR DETERMINING ADMINISTRATIVE AND STATUTORY AIDS, FINANCIAL GRANTS AND OTHER FORMS OF ASSISTANCE TO LOCAL GOVERNMENTS, AND FOR THE IMPLEMENTATION OF SALARY LAWS AND ADMINISTRATIVE ISSUANCES ON ALLOWANCES AND EMOLUMENTS THAT LOCAL GOVERNMENT OFFICIALS AND PERSONNEL MAY BE ENTITLED TO;

WHEREAS, THERE IS AN URGENT NEED TO PRESCRIBE A MORE REALISTIC CLASSIFICATION SCHEME THAT WILL EFFECTIVELY SERVE THE AIMS AND PURPOSES OF ESTABLISHING INCOME CATEGORIES FOR THE LOCAL GOVERNMENT UNITS;

NOW, THEREFORE, I, CORAZON C. AQUINO, PRESIDENT OF THE PHILIPPINES, DO HEREBY ORDER:

SECTION 1. CLASSIFICATION OF PROVINCES AND CITIES. – PROVINCES AND CITIES, EXCEPT MANILA AND QUEZON CITY WHICH SHALL REMAIN AS SPECIAL CLASS CITIES, ARE HEREBY DIVIDED INTO SIX (6) MAIN CLASSES ACCORDING TO THE AVERAGE ANNUAL INCOME THAT THEY ACTUALLY REALIZED DURING THE LAST FOUR CALENDAR YEARS IMMEDIATELY PRECEDING THE GENERAL CLASSIFICATION, AS FOLLOWS:

- (A) FIRST CLASS – THE PROVINCES AND CITIES THAT HAVE OBTAINED AN AVERAGE ANNUAL INCOME OF THIRTY MILLION PESOS OR MORE;
- (B) SECOND CLASS – THE PROVINCES AND CITIES THAT HAVE OBTAINED AN AVERAGE ANNUAL INCOME OF TWENTY MILLION PESOS OR MORE BUT LESS THAN THIRTY MILLION PESOS;
- (C) THIRD CLASS – THE PROVINCES AND CITIES THAT HAVE OBTAINED AN AVERAGE ANNUAL INCOME OF FIFTEEN MILLION PESOS OR MORE BUT LESS THAN TWENTY MILLION PESOS;
- (D) FOURTH CLASS – THE PROVINCES AND CITIES THAT HAVE OBTAINED AN AVERAGE ANNUAL INCOME OF TEN MILLION PESOS OR MORE BUT LESS THAN FIFTEEN MILLION PESOS;

- (E) FIFTH CLASS – THE PROVINCES AND CITIES THAT HAVE OBTAINED AN AVERAGE ANNUAL INCOME OF FIVE MILLION PESOS OR MORE BUT LESS THAN TEN MILLION PESOS; AND
- (F) SIXTH CLASS – THE PROVINCES AND CITIES THAT HAVE OBTAINED AN AVERAGE ANNUAL INCOME OF LESS THAN FIVE MILLION PESOS.

SECTION 2. CLASSIFICATION OF MUNICIPALITIES. – MUNICIPALITIES ARE DIVIDED INTO SIX (6) MAIN CLASSES ACCORDING TO THE AVERAGE ANNUAL INCOME THAT THEY ACTUALLY REALIZED DURING THE LAST FOUR CALENDAR YEARS IMMEDIATELY PRECEDING THE GENERAL CLASSIFICATION, AS FOLLOWS:

- (A) FIRST CLASS – MUNICIPALITIES THAT HAVE OBTAINED AN AVERAGE ANNUAL INCOME OF FIFTEEN MILLION PESOS OR MORE;
- (B) SECOND CLASS – MUNICIPALITIES THAT HAVE OBTAINED AN AVERAGE ANNUAL INCOME OF TEN MILLION PESOS OR MORE BUT LESS THAN FIFTEEN MILLION PESOS;
- (C) THIRD CLASS – MUNICIPALITIES THAT HAVE OBTAINED AN AVERAGE ANNUAL INCOME OF FIVE MILLION PESOS OR MORE BUT LESS THAN TEN MILLION PESOS;
- (D) FOURTH CLASS – MUNICIPALITIES THAT HAVE OBTAINED AN AVERAGE ANNUAL INCOME OF THREE MILLION PESOS OR MORE BUT LESS THAN FIVE MILLION PESOS;
- (E) FIFTH CLASS – MUNICIPALITIES THAT HAVE OBTAINED AN AVERAGE ANNUAL INCOME OF ONE MILLION PESOS OR MORE BUT LESS THAN THREE MILLION PESOS;
- (F) SIXTH CLASS – MUNICIPALITIES THAT HAVE OBTAINED AN AVERAGE ANNUAL INCOME OF LESS THAN ONE MILLION PESOS.

SECTION 3. PERIODS OF GENERAL RECLASSIFICATION OF PROVINCES, CITIES AND MUNICIPALITIES. – UPON THE EFFECTIVITY OF THIS EXECUTIVE ORDER AND FOR EACH PERIOD OF FOUR CONSECUTIVE CALENDAR YEARS THEREAFTER, THE SECRETARY OF FINANCE SHALL RECLASSIFY ALL PROVINCES, CITIES, EXCEPT MANILA AND QUEZON CITY WHICH SHALL REMAIN AS SPECIAL CLASS CITIES, AND MUNICIPALITIES, ON THE BASIS OF THE FOREGOING SCHEDULES OF THE AVERAGE ANNUAL INCOME OF EACH PROVINCE, CITY OR MUNICIPALITY DERIVED DURING THE LAST FOUR CONSECUTIVE CALENDAR YEARS IMMEDIATELY PRECEDING SUCH RECLASSIFICATION ACCORDING TO THE PROVISIONS HEREOF; PROVIDED, THAT THE FIRST CLASSIFICATION UNDER THIS EXECUTIVE ORDER SHALL TAKE EFFECT ON JULY FIRST, NINETEEN HUNDRED AND EIGHTY SEVEN: PROVIDED, FURTHER, THAT A PROVINCE OR CITY OR MUNICIPALITY WHICH HAS BEEN IN EXISTENCE FOR A PERIOD OF LESS THAN FOUR FULL CALENDAR YEARS IMMEDIATELY PRECEDING THE CLASSIFICATION HEREIN PROVIDED SHALL BE CLASSIFIED ON THE BASIS OF ITS AVERAGE INCOME DURING SUCH LESSER NUMBER OF FULL CALENDAR YEARS OR YEAR IMMEDIATELY FOLLOWING ITS ORGANIZATION AS SUCH PROVINCE OR CITY OR MUNICIPALITY; AND PROVIDED, FINALLY, THAT NO READJUSTMENT OF CLASSIFICATION SHALL BE MADE OFTENER THAN ONCE IN FOUR CONSECUTIVE CALENDAR YEARS AFTER THE FIRST GENERAL RECLASSIFICATION PROVIDED FOR HEREIN, EXCEPT IN CASES OF DIMINISHING REVENUES WHEN THE SECRETARY OF FINANCE MAY ORDER AT ANY TIME THE READJUSTMENT OF THE CLASSIFICATION OF ANY PROVINCE OF CITY OR MUNICIPALITY IN ACCORDANCE WITH THE INCOME RANGES HEREIN PRESCRIBED.



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SECTION 4. DEFINITION OF TERMS. – AS USED IN THIS EXECUTIVE ORDER:

- A. THE TERM “ANNUAL INCOME” SHALL REFER TO REVENUES AND RECEIPTS REALIZED BY PROVINCES, CITIES AND MUNICIPALITIES FROM REGULAR SOURCES OF THE LOCAL GENERAL AND INFRASTRUCTURE FUNDS INCLUDING THE INTERNAL REVENUE AND SPECIFIC TAX ALLOTMENTS PROVIDED FOR IN PDs 144 AND 436, BOTH AS AMENDED, BUT EXCLUSIVE OF NON-RECURRING RECEIPTS, SUCH AS OTHER NATIONAL AIDS, GRANTS, FINANCIAL ASSISTANCE, LOAN PROCEEDS, SALES OF FIXED ASSETS, AND SIMILAR OTHERS.
- B. THE TERM “AVERAGE ANNUAL INCOME” SHALL REFER TO THE SUM OF THE “ANNUAL INCOME” AS HEREIN DEFINED ACTUALLY OBTAINED BY A PROVINCE, CITY OR MUNICIPALITY DURING THE REQUIRED NUMBER OF CONSECUTIVE CALENDAR YEARS IMMEDIATELY PRECEDING THE GENERAL RECLASSIFICATION OF LOCAL GOVERNMENTS, DIVIDED BY SUCH NUMBER OF CALENDAR YEARS, AS MAY BE CERTIFIED TO BY THE COMMISSION ON AUDIT FOR PURPOSES OF SUCH RECLASSIFICATION OF PROVINCES, CITIES AND MUNICIPALITIES.

SECTION 5. USES OF INCOME CLASSIFICATION OF PROVINCES, CITIES AND MUNICIPALITIES. – THE INCOME CLASSIFICATION OF PROVINCES, CITIES AND MUNICIPALITIES SHALL, AMONG OTHER PURPOSES, SERVE AS BASIS FOR:

- A. THE FIXING OF THE MAXIMUM TAX CEILINGS IMPOSABLE BY THE LOCAL GOVERNMENTS;
- B. THE DETERMINATION OF ADMINISTRATIVE AND STATUTORY AIDS, FINANCIAL GRANTS, AND OTHER FORMS OF ASSISTANCE TO LOCAL GOVERNMENTS;
- C. THE ESTABLISHMENT OF THE SALARY SCALES AND RATES OF ALLOWANCES, PER DIEMS, AND OTHER EMOLUMENTS THAT LOCAL GOVERNMENT OFFICIALS AND PERSONNEL MAY BE ENTITLED TO;
- D. THE IMPLEMENTATION OF PERSONNEL POLICIES ON PROMOTIONS, TRANSFERS, DETAILS OR SECONDMENT, AND RELATED MATTERS AT THE LOCAL GOVERNMENT LEVELS;
- E. THE FORMULATION AND EXECUTION OF LOCAL GOVERNMENT BUDGET POLICIES; AND
- F. THE DETERMINATION OF THE FINANCIAL CAPABILITY OF LOCAL GOVERNMENT UNITS TO UNDERTAKE DEVELOPMENTAL PROGRAMS AND PRIORITY PROJECTS.

SECTION 6. MAXIMUM AMOUNT EXPENDABLE FOR SALARIES AND WAGES. – THE TOTAL ANNUAL APPROPRIATIONS FOR SALARIES AND WAGES OF PROVINCIAL, CITY AND MUNICIPAL OFFICIALS AND EMPLOYEES FOR ONE CALENDAR YEAR SHALL NOT EXCEED FORTY-FIVE PER CENT (45%), IN THE CASE OF ALL FIRST AND SECOND CLASS PROVINCES, CITIES AND MUNICIPALITIES, AND FIFTY-FIVE PER CENT (55%), IN THE CASE OF THOSE LOWER THAN SECOND CLASS, OF THE TOTAL ANNUAL INCOME ACTUALLY REALIZED FROM REGULAR SOURCES DURING THE NEXT PRECEDING CALENDAR YEAR OR THE CURRENT CALENDAR YEAR ESTIMATES FROM THE SAME SOURCES CERTIFIED AS COLLECTIBLE BY THE PROVINCIAL OR CITY TREASURER CONCERNED, WHICHEVER IS LOWER, THE APPROPRIATIONS FOR SALARIES AND WAGES OF OFFICIALS AND EMPLOYEES IN THE PUBLIC SCHOOLS, HOSPITALS, HEALTH AND AGRICULTURAL SERVICES, PUBLIC UTILITIES, MARKETS AND SLAUGHTERHOUSES AND OTHER ECONOMIC

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ENTERPRISES OWNED, OPERATED AND MAINTAINED BY THE PROVINCE, CITY OR MUNICIPALITY, AS WELL AS REPRESENTATION AND EMERGENCY COST-OF-LIVING ALLOWANCES, SHALL NOT BE INCLUDED IN THE COMPUTATION OF THE MAXIMUM EXPANDABLE FOR SALARIES AND WAGES.

THE SECRETARY OF FINANCE, HOWEVER, MAY RECOMMEND TO PROPER AUTHORITY THE SETTING ASIDE OF APPROPRIATIONS IN EXCESS OF THE PERCENTAGES HEREINABOVE FIXED SUBJECT TO SUCH CONDITIONS AS MAY BE IMPOSED BUT IN CASE SHALL THE EXCESS IN APPROPRIATIONS FOR SALARIES AND WAGES BE MORE THAN TWENTY-FIVE PER CENT (25%) OF THE MAXIMUM EXPENDABLE AMOUNTS NOR SHALL SUCH EXEMPTION BE GRANTED IN CASE OF OVERDRAFT OR IMMINENCE THEREOF.

**SECTION 7. SPECIAL PROVISIONS.** – PROVINCES, CITIES OR MUNICIPALITIES WHOSE INCOME CLASSIFICATION SHALL HAVE BEEN RAISED OR REDUCED PURSUANT TO THE PROVISIONS OF THIS EXECUTIVE ORDER SHALL ACCORDINGLY REVISE AND ADJUST THEIR EXISTING POSITION CLASSIFICATION AND PAY PLANS IN ACCORDANCE WITH THE PERTINENT PROVISIONS OF PREVAILING CIRCULAR ISSUED BY THE JOINT COMMISSION ON LOCAL GOVERNMENT PERSONNEL ADMINISTRATION CREATED UNDER PD 1136; PROVIDED, THAT NO OFFICIAL OR EMPLOYEE IN THE LOCAL GOVERNMENTS SHALL SUFFER ANY DIMINUTION OF THE BASIC SALARY RATE THAT HE IS ACTUALLY RECEIVING AT THE TIME OF THE EFFECTIVITY OF THIS EXECUTIVE ORDER.

FOR PURPOSES OF THE PREPARATION AND AUTHORIZATION OF LOCAL GOVERNMENT BUDGET FOR CY 1988, THE REGULAR APPROPRIATIONS FOR SALARIES AND WAGES IN THE GENERAL AND INFRASTRUCTURE FUNDS OF THE LOCAL GOVERNMENTS SHALL BE COMMENSURATE ONLY TO THE SALARY SCALES AND RATES OF ALLOWANCES, PER DIEMS, AND OTHER EMOLUMENTS OF LOCAL GOVERNMENT OFFICIALS AND PERSONNEL CORRESPONDING TO THEIR RESPECTIVE NEW CLASSIFICATIONS. HOWEVER, ADDITIONAL APPROPRIATIONS SHALL BE SET ASIDE TO COVER IN FULL ANY DEFICIENCY THAT WILL BE NECESSARY TO MAINTAIN THE PAYMENT OF BASIC SALARIES AT THE RATES ACTUALLY BEING RECEIVED BY LOCAL GOVERNMENT OFFICIALS AND PERSONNEL AT THE TIME OF THE EFFECTIVITY OF THIS EXECUTIVE ORDER.

NEWLY-APPOINTED OR PROMOTED PERSONNEL SHALL RECEIVE SALARIES AT RATES AUTHORIZED FOR NEW CLASSIFICATION OF THE LOCAL GOVERNMENT UNIT.

FOR PROPER IMPLEMENTATION OF THESE SPECIAL PROVISIONS THE JOINT COMMISSION ON LOCAL GOVERNMENT PERSONNEL ADMINISTRATION SHALL, WITHIN SIXTY (60) DAYS FROM THE EFFECTIVITY OF THIS EXECUTIVE ORDER, ISSUE APPROPRIATE GUIDELINES AND PROCEDURES FOR THE INFORMATION AND GUIDANCE OF THE LOCAL GOVERNMENTS.

**SECTION 8. MAXIMUM RATES OF LOCAL TAXES.** – NOTWITHSTANDING ANY CHANGE IN INCOME CLASSIFICATION BY VIRTUE OF THIS EXECUTIVE ORDER, ANY PROVINCE, CITY OR MUNICIPALITY MAY MAINTAIN OR ADJUST ACCORDINGLY THE EXISTING RATES OF LOCAL TAXES: PROVIDED, THAT ANY LOCAL TAX ORDINANCE ENACTED FOR THE PURPOSE SHALL BE SUBJECT TO THE REVIEW AND APPROVAL OF THE SECRETARY OF FINANCE WHO, WITHIN SIXTY (60) DAYS FROM RECEIPT OF THE ORDINANCE, SHALL DETERMINE THE REASONABLENESS THEREOF AND ITS EFFECT ON THE FINANCES OF THE LOCAL GOVERNMENTS.

**SECTION 9. ADMINISTRATIVE AUTHORITY OF THE SECRETARY OF FINANCE.** – THE SECRETARY OF FINANCE SHALL HAVE THE AUTHORITY TO REVIEW THE INCOME RANGES HEREIN PROVIDED AT LEAST ONCE EVERY FOUR YEARS AFTER THE IMPLEMENTATION OF THIS EXECUTIVE ORDER AND RECOMMEND SUCH APPROPRIATE CHANGES OR REVISIONS TO THE PROPER AUTHORITY IN ORDER THAT THE INCOME CLASSIFICATION OF LOCAL GOVERNMENT UNITS MAY CONTINUE TO CONFORM WITH PREVAILING ECONOMIC CONDITIONS AND THE OVERALL FINANCIAL STATUS OF THE LOCAL GOVERNMENTS.

**SECTION 10. IMPLEMENTING RULES AND REGULATIONS.** – FOR PURPOSES OF IMPLEMENTATION OF THIS EXECUTIVE ORDER, THE SECRETARY OF FINANCE SHALL ISSUE SUCH RULES AND REGULATIONS AS

HE MAY DEEM NECESSARY AND APPROPRIATE DEPARTMENT ORDERS FIXING THE NEW CLASSIFICATIONS OF PROVINCES, CITIES AND MUNICIPALITIES.

SECTION 11. REPEALING CLAUSE. – PRESIDENTIAL DECREE NO. 465, DATED MAY 20, 1974 IS HEREBY REPEALED, ALL LAWS, ORDERS, ISSUANCES, RULES AND REGULATIONS OR PARTS THEREOF INCONSISTENT WITH THIS EXECUTIVE ORDER ARE HEREBY REPEALED OR MODIFIED ACCORDINGLY.

SECTION 12. EFFECTIVITY. – THIS EXECUTIVE ORDER SHALL TAKE EFFECT IMMEDIATELY.

DONE IN THE CITY OF MANILA, THIS 25TH DAY OF JULY, IN THE YEAR OF OUR LORD, NINETEEN HUNDRED AND EIGHTY-SEVEN.

(Sgd.) CORAZON C. AQUINO

By the President:

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 250**

INCREASING, INTEGRATING, AND RATIONALIZING THE INSURANCE BENEFITS  
OF BARANGAY OFFICIALS UNDER R.A. 4898, AS AMENDED, AND MEMBERS OF  
SANGGUNIAN PANLALAWIGAN, SANGGUNIAN PANLUNGSOD, AND SANGGUNIAN  
BAYAN UNDER P.D. 1147 AND FOR OTHER PURPOSES

WHEREAS, the Sangguniang Panlalawigan, Sangguniang Panlungsod, Sangguniang Bayan and Sangguniang Barangay provide grass roots participation of the citizenry in the affairs of the Government;

WHEREAS, under B.P. 337 otherwise known as the “Local Government Code”, these officials are responsible for providing local support to national development by the enforcement of laws and directives and the maintenance of peace and order;

WHEREAS, pursuant to the policy of promoting autonomy in the local government unit as provided under B.P. 337, the State must find and effectuate ways of enhancing their capabilities in discharging their responsibilities as effective patterns in national development;

WHEREAS, the State, in its declared policy of affording protection to labor has already granted under R.A. 4898, as amended, insurance benefits of Barangay Officials and has extended the beneficial mantle of said law to some local officials without any fixed salary or compensation, particularly the Kabataang Barangay Chairman thru P.D. 684 and the members of Sangguniang Panlalawigan, Sangguniang Panlungsod, and Sangguniang Bayan thru P.D. 1147;

WHEREAS, the benefits provided for in R.A. 4898, as amended, have been found grossly insufficient for the needs of the covered officials and their families when contingencies occur in view of the increasing cost of living;

WHEREAS, actuarial studies indicate that the premiums provided for in R.A. 4898, as amended, are very inadequate;

WHEREAS, there is a need to increase the benefits and adjust the premiums as well as integrate and rationalize existing laws granting insurance benefits to these local government officials for effective administration;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Every Punong Barangay, Sangguniang Barangay Member, Chairman of the Kabataang Barangay, Barangay Secretary and Barangay Treasurer, and every member of the Sangguniang Panlalawigan, Sangguniang Panlungsod and Sangguniang Bayan, duly elected or appointed, and duly qualified, who does not receive fixed salary or compensation, is, during his incumbency, automatically covered under this Order: Provided, That the moment said official receives a fixed salary or compensation whether in the same capacity or by virtue of a permanent appointment in any government office, or by election to another public office, his coverage under this Order shall automatically cease and he shall then be covered under the appropriate law.

SECTION 2. In the event of loss of life during a covered official’s incumbency whether the cause of death is work-connected or not, the beneficiaries of a Punong Barangay or member of the Sangguniang Panlalawigan, Sangguniang Panlungsod or Sangguniang Bayan shall be entitled to

SEVEN THOUSAND PESOS (₱7,000.00) while the beneficiaries or a member of the Sangguniang Barangay, Barangay Secretary, Barangay Treasurer or Chairman of the Kabataang Barangay shall be entitled to FIVE THOUSAND PESOS (₱5,000.00). In addition to the death benefits herein provided, a burial benefit of ONE THOUSAND PESOS (₱1,000.00) shall be paid to the beneficiaries.

SECTION 3. In the event of total and permanent incapacity or disability as determined by the System, a Punong Barangay or a member of the Sangguniang Panlalawigan, Sangguniang Panlungsod or Sangguniang Bayan shall be entitled to FIVE THOUSAND PESOS (₱5,000.00) while a member of the Sangguniang Barangay, Barangay Secretary, Barangay Treasurer, or Chairman of the Kabataang Barangay shall be entitled to THREE THOUSAND PESOS (₱3,000.00) provided that the disability occurred during his incumbency whether work-connected or not. In addition to the disability benefits herein provided, a burial benefit of ONE THOUSAND PESOS (₱1,000.00) shall be paid to his beneficiaries provided that death occurs within one year from the onset of total and permanent incapacity or disability.

Anyone availing of the benefits under this section cannot benefit from Sections Two, Four and Five hereof.

SECTION 4. For injuries resulting from an accident occurring during his incumbency whether work-connected or not, a Punong Barangay or a member of the Sangguniang Panlalawigan, Sangguniang Panlungsod, or Sangguniang Bayan shall be entitled to the following benefits which in no case shall exceed the maximum benefit of ₱5,000.00 per covered year:

- a) For an injury to the brain resulting in the loss of sanity, FIVE THOUSAND PESOS (₱5,000.00);
- b) For permanent loss of sight in both eyes, FIVE THOUSAND PESOS (₱5,000.00);
- c) For permanent loss of sense of hearing in both ears, FOUR THOUSAND PESOS (₱4,000.00);
- d) For permanent loss of sight in one eye, TWO THOUSAND FIVE HUNDRED PESOS (₱2,500.00);
- e) For permanent loss of sense of hearing in one ear, TWO THOUSAND PESOS (₱2,000.00);
- f) For the loss or destruction of two or more limbs, FIVE THOUSAND PESOS (₱5,000.00);
- g) For the loss of one limb, TWO THOUSAND FIVE HUNDRED PESOS (₱2,500.00);
- h) For the loss or destruction of both of his hands at or above the wrist, FOUR THOUSAND PESOS (₱4,000.00);
- i) For the loss or destruction of both of his feet at or above the ankle, FOUR THOUSAND PESOS (₱4,000.00);
- j) For the loss or destruction of one hand at or above the wrist, TWO THOUSAND PESOS (₱2,000.00);
- k) For the loss or destruction of one foot at or above the ankle, TWO THOUSAND PESOS (₱2,000.00);
- l) For the loss or destruction of every thumb or great toe, SEVEN HUNDRED FIFTY PESOS (₱750.00);
- m) For the loss or destruction of every finger or toe, TWO HUNDRED FIFTY PESOS (₱250.00);
- n) For any other injury requiring hospitalization of at least forty days ONE THOUSAND FIVE HUNDRED PESOS (₱1,500.00) and in cases where the hospitalization is less than forty days, at such amount not exceeding ONE THOUSAND PESOS (₱1,000.00) as determined by the Government Service Insurance System and prescribed in its Rules and Regulations issued pursuant to the provisions of this order; and

- o) For any other injury or requiring hospitalization but requiring medical attention for at least fifteen days, FIVE HUNDRED PESOS (₱500.00), and in cases where the medical attention extended is less than fifteen days, at such amount not exceeding THREE HUNDRED PESOS (₱300.00) as determined by the Government Service Insurance System and prescribed in its Rules and Regulations issued pursuant to the provisions of this Order.

SECTION 5. For injuries resulting from an accident occurring during his incumbency whether work-connected or not, a member of the Sangguniang Barangay, Barangay Secretary, Barangay Treasurer, or Chairman of the Kabataang Barangay, shall be entitled to the following benefits which in no case shall exceed the maximum benefit of ₱3,000.00 per covered year:

- a) For any injury to the brain resulting in the loss of sanity, THREE THOUSAND PESOS (₱3,000.00);
- b) For permanent loss of sight in both eyes, THREE THOUSAND PESOS (₱3,000.00);
- c) For permanent loss of sense of hearing in both ears, TWO THOUSAND FIVE HUNDRED PESOS (₱2,500.00);
- d) For permanent loss of sight in one eye, ONE THOUSAND FIVE HUNDRED PESOS (₱1,500.00);
- e) For permanent loss of sense of hearing in one ear, ONE THOUSAND TWO HUNDRED FIFTY PESOS (₱1,250.00);
- f) For the loss of or destruction of two or more limbs, THREE THOUSAND PESOS (₱3,000.00);
- g) For the loss of one limb, one thousand five hundred pesos (₱1,500.00);
- h) For the loss or destruction of both his hands at or above the wrist, TWO THOUSAND FIVE HUNDRED PESOS (₱2,500.00);
- i) For the loss or destruction of both his feet at or above the ankle, TWO THOUSAND FIVE HUNDRED PESOS (₱2,500.00);
- j) For the loss or destruction of one hand at or above the wrist, ONE THOUSAND TWO HUNDRED FIFTY PESOS (₱1,250.00);
- k) For the loss or destruction of one foot at or above the ankle, ONE THOUSAND TWO HUNDRED FIFTY PESOS (₱1,250.00);
- l) For the loss or destruction of every thumb or great toe, FOUR HUNDRED FIFTY PESOS (₱450.00);  
For the loss or destruction of every finger or toe, ONE HUNDRED FIFTY PESOS (₱150.00);
- n) For any injury requiring hospitalization of at least forty days, ONE THOUSAND PESOS (₱1,000.00), and in cases where the hospitalization is less than forty days, at such amount not exceeding EIGHT HUNDRED PESOS (₱800.00) as determined by the Government Service Insurance System and prescribed in its Rules and Regulations issued pursuant to the provisions of this Order; and
- o) For any other injury not requiring hospitalization but requiring medical attention for at least fifteen days, THREE HUNDRED PESOS (₱300.00) and in cases where medical attention extended is less than fifteen days, at such amount not exceeding TWO HUNDRED PESOS (₱200.00) as determined by the Government Service Insurance System and prescribed in its Rules and Regulations issued pursuant to the provisions of this Order.

SECTION 6. For all the insurance benefits provided under this Order, the national government of the Republic of the Philippines shall appropriate annually and include in the General Appropriations

Act the total annual premiums based on the actual number of local officials covered under Sec. 1 hereof and as certified by the Department of Local Government. The annual premiums, unless later on adjusted in accordance with the provisions of this section, shall be ONE HUNDRED TEN PESOS (₱110.00) for every Punong Barangay and member of the Sangguniang Panlalawigan, Sangguniang Panlungsod or Sangguniang Bayan and FORTY EIGHT PESOS (₱48.00) for every member of the Sangguniang Barangay, Barangay Secretary, Barangay Treasurer, and Chairman of the Kabataang Barangay. The Government Service Insurance System shall conduct periodic actuarial studies to determine the adequacy of the contributions as provided herein. Based on such duties, the premiums may be adjusted and the total annual premium based on the adjusted premium rates as certified by the System shall likewise be provided for in the General Appropriations Act for every applicable year thereafter; Provided, That any failure or delay in the payment of premiums shall not in any way prejudice the efficacy and enforceability of the insurance benefits herein set forth.

SECTION 7. No benefit shall be allowed to a covered official or his beneficiaries when the injury, sickness, disability or death was occasioned by any of the following:

- his intoxication,
- his willful intention to injure or kill himself or another, or
- 3) his notorious negligence.

SECTION 8. Whenever other laws provided similar benefits for the same contingencies covered by this Order, the official or his beneficiaries who qualify for such benefits shall have the option to choose which benefit will be paid to them.

SECTION 9. A maximum expense loading of twelve (12) percent of the annual premiums may be disbursed by the Government Service Insurance System for administrative and operational expenses.

SECTION 10. Within one month after the effectivity of this Order, the Government Service Insurance System shall prescribe and promulgate such rules and regulations as may be necessary for the proper implementation of the provisions of this Order.

SECTION 11. Only to such extent as would affect the enforcement of this Order, executive orders, rules and regulations, or part thereof, inconsistent with this Order, are hereby amended or modified accordingly.

SECTION 12. This Order shall take effect immediately

Done in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven

(Sgd.) CORAZON C. AQUINO

By the President  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.



MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 251**  
**AMENDING CERTAIN SECTIONS OF EXECUTIVE ORDER NO. 126**  
**DATED JANUARY 30, 1987**

WHEREAS, in order to make the on-going reorganization of the Department of Labor and Employment more responsive to the urgent demands of national economic recovery and to promote efficiency and effectiveness in the delivery of public services, it is vital that necessary and appropriate changes be further introduced in its reorganization;

WHEREAS, in line with the tripartite consensus there is a need to create a Tripartite Voluntary Arbitration Advisory Council attached to the National Conciliation and Mediation Board;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 7 of Executive Order No. 126 is hereby amended to read as follows:

“SECTION 7. Office of the Secretary. – The Office of the Secretary shall consist of the Secretary and his immediate staff. In addition, there is hereby created in the Office of the Secretary a Joint RP-US Labor Committee Staff Unit which shall provide technical and other necessary services to the Philippine panel in the Joint Labor Committee created under the RP-US Base Labor Agreement and for other special projects. The Unit shall be headed by a Head Executive Assistant who shall be assisted by five (5) Staff Assistants.”

SECTION 2. Section 18 of Executive Order No. 126 is hereby amended to read as follows:

“SECTION 18. Bureaus. – The following staff bureaus of the Department are hereby retained and shall continue to have the same functions, except as otherwise provided herein:

- (a) Bureau of Local Employment;  
Bureau of Women and Minors, which hereby renamed as the Bureau of Women and Young Workers;  
Bureau of Rural Workers;
- (d) Bureau of Labor Relations, which shall continue to perform its present functions except those to be absorbed by the National Mediation and Conciliation Board as provided under Section 29 (c) hereof; and
- e Bureau of Working Conditions

SECTION 3. Section 20 of Executive Order No. 126 is hereby amended to read as follows:

“SECTION 20. Institute For Labor Studies. – There is hereby created an Institute for Labor Studies, hereinafter referred to as the Institute, which shall



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attached to the Department of Labor and Employment for policy and program coordination and administrative supervision. The Institute shall absorb the research and publication functions of the Institute of Labor and Manpower Studies which is hereby abolished in accordance with Section 29 (b) of this Executive Order. The Institute, to be headed by an Executive Director, assisted by a Deputy Executive Director, shall have the following functions:

- Undertake research and studies in all areas of labor and manpower policy and administration;
- Review the rationale of existing legislation and regulations and analyze the cost involved in the implementation of such legislation against the benefits expected to be derived;
- Study and develop innovative and indigenous approaches towards the promotion harmonious and productive labor-management relations, and the improvement of workers' welfare services;
- Develop and undertake research programs and projects in collaboration with other national agencies to enhance the Department's capability to participate in national decision and policy making;
- Enter into agreements with international or bilateral agencies for the carrying out of the foregoing functions;
- Expand the scope of its research interests into other countries and regions;
- Publish its research studies for dissemination to government as well as to all concerned parties; and
- (h) Perform such other functions as may be provided by law or assigned by the Secretary."

SECTION 4. Section 22 of Executive Order No. 126 is hereby amended to read as follows:

"SECTION 22. National Conciliation and Mediation Board. – A National Conciliation and Mediation Board, herein referred to as the "Board", is hereby created and which shall absorb the conciliation, mediation and voluntary arbitration functions of the Bureau of Labor of Relations in accordance with Section 29 (c) hereof. The Board shall be composed of an Administrator and two (2) Deputy Administrators. It shall be an attached agency under the administrative supervision of the Secretary of Labor and Employment.

The Administrators and the Deputy Administrators shall be appointed by the President upon recommendation of the Secretary of Labor and Employment. There shall be as many Conciliators-Mediators as the needs of the public service require, who shall have at least three (3) years of experience in handling labor relations and who shall be appointed by the Secretary.

The Board shall have its main office in Metropolitan Manila and its Administrators shall exercise supervision over Conciliators-Mediators and all its personnel. It shall establish as many branches as there are administrative regions in the country, with as many Conciliator-Mediators as shall be necessary for its

effective operation. Each branch of the Board shall be headed by an Executive Conciliator-Mediator.

The Board shall have the following functions:

- (a) Formulate policies, programs, standards, procedures, manuals of operation and guidelines pertaining to effective mediation and conciliation of labor disputes;  
Perform preventive mediation and conciliation functions;  
Coordinate and maintain linkages with other sectors of institutions, and other government authorities concerned with matters relative to the prevention and settlement of labor disputes;  
Formulate policies, plans, programs, standards, procedures, manuals of operation and guidelines pertaining to the promotion of cooperative and non-adversarial schemes, grievance handling, voluntary arbitration and other voluntary modes of dispute settlements;  
Administer the voluntary arbitration program; maintain/update a list of voluntary arbitrations; compile arbitration awards and decisions;  
Provide counselling and preventive mediation assistance particularly in the administration of collective agreement; awards and decisions;
- (g) Monitor and exercise technical supervision over the Board programs being implemented in the regional offices; and
- (h) Perform such other functions as may be provided by law or assigned by the Secretary

A Tripartite Voluntary Arbitration Advisory Council is hereby created and attached to the National Conciliation and Mediation Board. The Tripartite Voluntary Arbitration Advisory Council shall advise the National Conciliation and Mediation Board on matters pertaining to the promotion of voluntary arbitration as the preferred mode of dispute settlement.

The Tripartite Voluntary Arbitration Advisory Council shall consist of the Administrator of the National Conciliation and Mediation Board as Chairman, one other member from the government, two members representing labor, and two other members representing management. The members shall be appointed by the President to serve for a term of three (3) years. The Chairman and Members thereof shall serve without compensation.”

SECTION 5. Section 24 of Executive Order No. 126 is hereby amended to read as follows:

“SECTION 24. Regional Offices, District Offices and Provincial Extension Units. – The Department is hereby authorized to establish, operate and maintain such Department-wide Regional Offices, District Offices and Provincial Extension Units in each of the administrative regions of the country, insofar as necessary to promote economy and efficiency in the delivery of its services. Each Regional Office shall be headed by a Regional Director who shall have supervision and control thereof. The Regional Director, whenever necessary, shall be assisted by

an Assistant Regional Director. A Regional Office shall have, within its regional areas, the following functions:

- Implement laws, policies, plans, programs, projects, rules and regulations of the Department;
- Provide economical, efficient and effective service to the people;
- Coordinate with regional offices of other departments and agencies;
- Coordinate with local government units;
- (e) Perform such other functions as may be provided by law or assigned by the Secretary.”

SECTION 6. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 7. This Executive Order shall take effect immediately.

Done in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 252**  
**FURTHER AMENDING ARTICLES 213, 214 AND 215 OF**  
**PRESIDENTIAL DECREE NO. 442, AS AMENDED**

WHEREAS, there is a need to strengthen further the labor dispute settlement machinery to prevent undue delays as well as to ensure the just and efficient resolution of labor cases;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Articles 213, 214 and 215 of Presidential Decree No. 442, as amended, are hereby further amended to read as follows:

“Art. 213. National Labor Relations Commission. There shall be a National Labor Relations Commission in the Department of Labor and Employment, composed of the Secretary of Labor and Employment as Chairman and fifteen (15) Commissioners. In the absence of the Secretary of Labor and Employment, his duly authorized Undersecretary shall act as Chairman.

The Commission may sit en banc or in five (5) divisions, each composed of three (3) members. It shall determine by rules approved by the Chairman, the cases it shall decide en banc and those which a division shall decide. The decision of a division shall have the force and effect of a decision of the Commission.

The Presiding Commissioner of the First Division shall act as the Vice-Chairman of the Commission. An Executive Director, assisted by a Deputy Executive Director, shall exercise the administrative functions of the Commission.”

“Art. 214. Headquarters, Branches and Provincial Extension Units. The Commission shall have its main office in Metropolitan Manila and shall establish as many regional branches as there are regional offices of the Department of Labor and Employment, sub-regional branches or provincial extension units. There shall be one hundred fifty (150) labor arbiters for the effective and efficient operation of the Commission. Each regional branch shall be headed by an Executive Labor Arbiter.”

“Art. 215. Appointment and Qualifications. The Commissioners shall have at least five (5) years experience in handling labor management relations and the Executive Labor Arbiters and Labor Arbiters shall have two (2) years experience in the same field. In addition, the Commissioners, Executive Labor Arbiters and Labor Arbiters shall be members of the Bar.

The Commissioners shall be appointed by the President for a term of six (6) years: Provided, That the Commissioners appointed under Executive Order No. 47 dated September 10, 1986 shall hold office for a term of six (6) years; Provided, further, That of the Commissioners appointed pursuant to this Executive Order, three shall hold office for four (4) years, and three for two (2) years; and Provided, finally, That any appointment shall be without prejudice

to reappointment. Appointment to any vacancy shall be only for the unexpired portion of the predecessor's term. The Executive Labor Arbiter and Labor Arbiters shall also be appointed by the President, upon recommendation of the Chairman, and shall be subject to the Civil Service Law, rules and regulations.

The Secretary of Labor and Employment shall appoint the staff and employees of the Commission and the regional branches as the needs of the service may require, subject to Civil Service Law, rules and regulations."

SECTION 2. The Secretary of Budget and Management shall make available such funds as may be adequate to meet the requirements of the Commission under this Executive Order.

SECTION 3. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 4. This Executive Order shall take effect immediately.

Done in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President  
(Sgd.) JOKER P. ARROYO

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 253**  
**AMENDING BATAS PAMBANSA BLG. 73**

I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 3(a) of Batas Pambansa Blg. 73, entitled “An Act to Further Promote Energy Conservation and For Other Purposes” is hereby amended to read as follows:

“(a) The importation, manufacture or assembling of gasoline-powered passenger motor cars with engine displacement of over 2,800 cubic centimeters or kerbweight exceeding 1,500 kilograms, including accessories.

This prohibition, however, shall not apply to the importation, ownership and operation of passenger motor cars by the diplomatic and consular establishments and personnel of foreign Governments and international organizations.”

SECTION 2. This Executive Order shall take effect immediately.

Done in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). [*Executive Order Nos.: 171 - 390*]. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 254**  
AMENDING EXECUTIVE ORDER NUMBERED ONE HUNDRED THIRTEEN, SERIES OF  
NINETEEN HUNDRED FIFTY-FIVE

WHEREAS, due to the increased density of traffic volume, there is a need to amend further Executive Order No. 113, s. 1955;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The last sentence of No. I, General Provisions, Executive Order No. 113, Series of 1955, as amended, is hereby further amended to read as follows:

“National roads shall have a right-of-way of not less than twenty (20) meters, provided that a right-of-way of at least sixty (60) meters shall be reserved for roads constructed through unpatented public land and at least one hundred twenty (120) meters reserved through naturally forested areas of aesthetic or scientific value.”

SECTION 2. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 3. This Executive Order shall take effect immediately.

Done in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 255**  
**REQUIRING ALL RADIO STATIONS WITH MUSICAL FORMAT PROGRAMS TO BROADCAST**  
**A MINIMUM OF FOUR ORIGINAL PILIPINO MUSICAL COMPOSITIONS IN EVERY**  
**CLOCKHOUR AND FOR OTHER PURPOSES**

WHEREAS, radio programs with musical formats allot very limited playing time to original Pilipino music;

WHEREAS, to ensure the growth of the local music industry, the airplay of original Pilipino music in our radio stations must be increased;

WHEREAS, the State is constitutionally mandated to conserve, promote and popularize the nation's historical and cultural heritage and resources, as well as artistic creations, and to give patronage to arts and letters;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. All radio stations shall broadcast a minimum of four (4) original Pilipino musical compositions in every clockhour of a program with a musical format. For purposes of this Executive Order, "original Pilipino musical composition" shall refer to any musical composition created by a Filipino, whether the lyrics be in Pilipino, English or in any other language or dialect.

SECTION 2. Any franchise holder or operator of a radio station which fails to broadcast the minimum number of original Pilipino musical compositions in every clockhour of a program with a musical format shall be fined in the amount of ₱100.00 per violation. The National Telecommunications Commission may, after due hearing, suspend or cancel the Certificate of Registration and Authority to operate of any radio station in the event of repeated violations of this Executive Order or its implementing rules and regulations.

SECTION 3. The National Telecommunications Commission shall promulgate the necessary rules and regulations to implement this Executive Order.

SECTION 4. This Executive Order shall take effect immediately.

Done in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.



MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 256**

INCREASING THE DAILY SUBSISTENCE ALLOWANCE OF PATIENTS CONFINED IN AFP/INP HOSPITALS AND DISPENSARIES, CADETS OF THE PHILIPPINE MILITARY ACADEMY, THE PHILIPPINE AIR FORCE FLYING SCHOOL AND THE PHILIPPINE NATIONAL POLICE ACADEMY, AND AFP/INP PERSONNEL UNDERGOING TRAINING IN LOCAL TRAINING INSTITUTIONS

WHEREAS, Executive Order No. 1015, dated March 22, 1985, provides that the rate of subsistence allowance of patients confined in AFP/INP hospitals and dispensaries and of cadets of the Philippine Military Academy, the Philippine Air Force Flying School and the Philippine National Police Academy shall not be less than Twenty Pesos (₱20.00) per day;

WHEREAS, Executive Order No. 1049, dated August 8, 1985, provides that the rate of subsistence allowance of AFP and INP personnel undergoing training in local training institutions shall not be less than Twenty Pesos (₱20.00) per day;

WHEREAS, due to the general increase in the prices of commodities the daily subsistence allowance of Twenty Pesos (₱20.00) is no longer adequate to meet the quality and quantity of their food requirements;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The subsistence allowance of patients confined in AFP/INP hospitals and dispensaries and of cadets of the PMA, PAFFS, and PNPA shall be Thirty Pesos (₱30.00) per day.

SECTION 2. The subsistence allowance of AFP and INP personnel undergoing training in local training institutions shall be Thirty Pesos (₱30.00) per day.

SECTION 3. The funds necessary to carry out the provisions of this Order shall be incorporated in the CY 1988 Annual Appropriations of the AFP and INP.

SECTION 4. The Secretary of National Defense and the Chairman of the National Police Commission, respectively, shall issue implementing instructions as are necessary and proper to carry out the intent of this Order.

SECTION 5. All rules and regulations and other issuances or parts thereof that are in conflict with this Executive Order are hereby repealed or modified accordingly.

SECTION 6. This Executive Order shall take effect on January 1, 1988.

Done in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 257**

INCREASING THE SUBSISTENCE ALLOWANCE OF OFFICERS AND ENLISTED PERSONNEL OF THE ARMED FORCES OF THE PHILIPPINES, INCLUDING DRAFTEES, TRAINEES AND PROBATIONAL SECOND LIEUTENANTS-ENSIGNS UNDERGOING MILITARY TRAINING, CMT CADETS ON SUMMER CAMP TRAINING AND RESERVE OFFICERS AND ENLISTED RESERVISTS UNDERGOING TRAINING OR ASSEMBLY/ MOBILIZATION TEST, AND UNIFORMED MEMBERS OF THE INTEGRATED NATIONAL POLICE

WHEREAS, Executive Order No. 987, dated October 4, 1984 provides that military personnel of the Armed Forces of the Philippines shall receive subsistence allowance of Twelve Pesos (₱12.00) per day;

WHEREAS, Executive Order No. 1006, dated January 30, 1985, provides that uniformed personnel of the Integrated National Police shall receive subsistence allowance of Twelve Pesos (₱12.00) per day;

WHEREAS, the current subsistence allowance of Twelve Pesos (₱12.00) per day is inadequate to meet basic requirements;

WHEREAS, the key to increased professional effectiveness and efficiency of the military and police personnel lies in the adequate support and incentives, considering the risks attached to their profession as guardians of the law, public safety and security;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The subsistence allowance for officers and enlisted personnel of the Armed Forces of the Philippines, including draftees, trainees and Probationary Second Lieutenant/Ensigns undergoing military training, CMT cadets on summer camp training and reserve officers and enlisted reservists undergoing training or assembly/mobilization test, is hereby increased from Twelve Pesos (₱12.00) to Eighteen Pesos (₱18.00) per day.

SECTION 2. The subsistence allowance for uniformed personnel of the Integrated National Police is hereby increased from Twelve Pesos (₱12.00) to Eighteen Pesos (₱18.00) per day.

SECTION 3. Funds needed to implement this Executive Order shall be included in the CY 1988 Annual Appropriations of the AFP and INP.

SECTION 4. The Secretary of National Defense and the Chairman of the National Police Commission, respectively, shall issue such implementing instructions as the necessary and proper to carry out the intent of this Executive Order.

SECTION 5. All rules and regulations and other issuances or parts thereof that are in conflict with this Executive Order are hereby repealed or modified accordingly

SECTION 6. This Executive Order shall take effect on January 1, 1988.

Done in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 258**  
**GRANTING GOVERNMENT HOSPITALS AND THE BUREAU OF FOOD AND DRUGS**  
**AUTONOMY IN THE USE OF THEIR INCOME**

WHEREAS, the current pattern of social and economic development considers the health sector a high priority requiring adequate government support;

WHEREAS, government hospitals and the Bureau of Food and Drugs of the Department of Health are in the forefront in the government's effort to provide effective and efficient medical and health services; and

WHEREAS, the services of government hospitals and the Bureau of Food and Drugs (BFD) can be facilitated if their income receipts are immediately made available to meet their immediate needs;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. Any income earned by any government hospital and by the BFD shall be deemed to have been released from appropriations authorized for such hospital or the BFD, as the case may be, and shall be immediately available for expenditures.

SECTION 2. Fund releases from the Department of Budget and Management shall be reduced by the amount of income earned by the hospitals and the BFD. For this purposes, these agencies shall submit periodic reports of their income as well as reports indicating the details of expenditures thereof.

SECTION 3. In the event that any of these agencies realizes income more than its authorized appropriation, such excess shall be deemed automatically appropriated and released to augment existing authorized appropriation.

SECTION 4. The rules and regulations necessary to implement the provisions of this Executive Order shall be jointly issued by the Department of Finance and the Department of Budget and Management.

SECTION 5. This Executive Order shall take effect immediately.

Done in the City of Manila on 25th of July, in the Year of Our Lord, Nineteen Hundred and Eighty Seven.

(Sgd.) CORAZON C. AQUINO

By authority of the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑAN PALACE  
MANILA

**EXECUTIVE ORDER NO. 259**

**AN ACT TO RATIONALIZE THE SOAP AND DETERGENT SURFACTANT INDUSTRY AND  
THEREBY PROMOTE AND EXPAND THE UTILIZATION OF CHEMICALS DERIVED FROM  
COCONUT OIL AND FOR OTHER PURPOSES**

WHEREAS, it is the policy of the State to encourage the establishment of commercial activities and industries geared towards the production of goods and services using indigenous raw materials and resources;

WHEREAS, it is likewise the policy of the State to ensure a clean and safe environment;

WHEREAS, there is a need to rationalize industries which are in a position to use indigenous raw materials;

WHEREAS, extensive utilization of coconut oil will be a great assistance to our coconut farms;

WHEREAS, in line with the above policy there is a need to amend and/or repeal certain provisions of the Presidential Decree 1863, which authorizes the establishment of a monopoly in favor of United Coconut Chemicals, Inc. (UNICHEM), centralizing the supply of surfactant raw material in said enterprise;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. This Act shall be entitled an “An Act to Rationalize the Soap and Detergent Surfactant Industry and thereby promote and expand the utilization of coconut oil.”

SECTION 2. The soap and detergent surfactant industry shall be subject to a rationalization program requiring increasing local content in the usage of its raw materials which do not endanger the environment to a minimum of 20% the first year, 40% the second year, up to a minimum of 60% for the third year and thereafter.

SECTION 3. Importation of raw materials and finished products of the industries covered by the rationalization program may be restricted subject to the guidelines set by the BOI.

SECTION 4. The Board of Investments is hereby empowered to issue guidelines as may be necessary to fully implement the intent of this Executive Order.

SECTION 5. P.D. 1863, as amended, is hereby repealed

SECTION 6. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty seven.

(Sgd.) CORAZON C. AQUINO

By the President  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 260**  
**FURTHER AMENDING SECTION 11, PARAGRAPH 1, OF**  
**PRESIDENTIAL DECREE NO. 1869, AS AMENDED.**

WHEREAS, Section 11(1) of Presidential Decree No. 1869 provides that the service fee to be paid to management and/or operator companies whose services may be engaged by the Philippine Amusement and Gambling Corporation (PAGCOR) in the operation of its gambling casinos shall not exceed ten per cent (10%) of the gross income;

WHEREAS, the prescription of the said amount of service fee is not at all times an ideal arrangement, hence there is a need for providing an alternative method by which grantees of operating and/or management contracts would pay the government for such privilege;

WHEREAS, such an alternative would be the payment to the government of fixed monthly rentals for the operation of gambling casinos by grantees, after public bidding, to obtain the most advantageous terms for the government; and

WHEREAS, it is desirable to extend the privilege not only to registered and accredited companies possessing the knowledge, skill, expertise and facilities, but also to qualified individuals who can operate or manage gambling casinos just as effectively;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. Section 11, paragraph 1, of the Presidential Decree No. 1869, as amended, is hereby further amended to read as follows:

“SEC. 11. Scope of Franchise. – In addition to the rights and privileges granted it under the preceding section, this franchise shall entitle the Corporation to do and undertake the following:

(1) Enter into operating or management contracts with any registered and accredited company or qualified person possessing the knowledge, skill, expertise and facilities to ensure the efficient operation of gambling casinos: Provided, That such management and/or operator companies or individuals whose services may be engaged by the Corporation shall either retain as service fee an amount the aggregate of which shall not exceed ten (10%) per cent of the gross income, or pay fixed monthly rental for its operation the amount of which shall be determined in a public bidding conducted for the purpose: Provided, further, That contracts entered into by the Corporation shall be valid as if said contracts are in accordance with the preceding proviso.”

SECTION 2. This Executive Order shall take effect immediately



DONE in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven

(Sgd.) CORAZON C. AQUINO

By the President  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 261**

DIRECTING THE DEPARTMENT OF BUDGET AND MANAGEMENT TO PREPARE A NEW POSITION AND COMPENSATION PLAN FOR THE DEPARTMENT OF JUSTICE, THE OFFICE OF THE SOLICITOR GENERAL, AND THE OFFICE OF THE GOVERNMENT CORPORATE COUNSEL, PROVIDING FUNDS FOR SUCH NEW POSITION AND COMPENSATION PLAN, AND FOR OTHER PURPOSES

I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The Department of Budget and Management is hereby authorized to provide for a new position and compensation plan for the Department of Justice, the Office of the Solicitor General, and the Office of the Government Corporate Counsel, taking into account the nature of the responsibilities pertaining to, and the qualifications required for the positions therein: Provided, That this be accomplished within the existing appropriations of the Department and the Offices; Provided, further, That the constitutional provision on standardization of salaries be followed; and Provided, finally, That the new position and compensation plan be subject to the approval of the President.

SECTION 2. Funds necessary for the implementation of the new position and compensation plan for the Department of Justice, the Office of the Solicitor General and the Office of the Government Corporate Counsel shall be taken from the appropriations of the Department of Justice, the Office of the Solicitor General and the Office of the Government Corporate Counsel, respectively, and salary savings and lapses of that Department or Offices. Thereafter, the appropriations shall be provided for in the annual General Appropriations Act.

SECTION 3. Pending the issuance of the new position and compensation plan for the Department of Justice, the Office of the Solicitor General, and the Office of the Government Corporate Counsel, the present position and compensation plan for the said Department and Offices as provided for by law shall remain in force and effect.

SECTION 4. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 5. This Executive Order shall take effect immediately.

Done in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 262**  
**REORGANIZING THE DEPARTMENT OF LOCAL GOVERNMENT**  
**AND FOR OTHER PURPOSES**

WHEREAS, Article II, Section 1, of Proclamation No. 3 dated March 25, 1986, provides that, the President shall give priority to measures as to achieve the mandate of the people to completely reorganize the government;

WHEREAS, Article XVIII, Section 16, of the 1987 Constitution recognizes that the reorganization of the government shall be continued even after its ratification;

WHEREAS, Under Article XVIII, Section 6, of the 1987 Constitution, the President shall continue to exercise legislative powers until the first Congress is convened;

WHEREAS, local governments must be involved actively in national development especially in the acceleration of economic recovery, in the restoration of political stability, and in the promotion of social progress;

WHEREAS, in their critical participation in national development that is consistent with local autonomy, the development of the executive, technical, and financial capabilities of local governments must be pursued with greater vigor;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

SEC. 1. Title. This Executive Order shall be known as the Reorganization Act of the Department of Local Government and for Other Purposes.

SEC. 2. Reorganization. The Department of Local Government, hereinafter referred to as the Department, is hereby reorganized, in accordance with the provisions of this Executive Order.

SEC. 3. Declaration of Policy. It is necessary to reorganize the Department in order to make it more capable of assisting the President in the exercise of general supervision over local governments, in promoting local autonomy, encouraging community empowerment, and in maintaining public order and safety services.

SEC. 4. Mandate. The Department shall primarily assist the President in the exercise of general supervision over local governments. To accomplish its mandate, the Department shall be guided by the following principles:

Local governments shall be accountable and responsive to the needs of local constituencies;  
Allocation of more powers and resources to local governments shall be a primordial philosophy;  
Local governments shall be given wider latitude for resource generation, such as:

- (1) Generation of local revenues;
- (2) Local governments share in national taxes, grants and subsidies as provided by law;
- (3) Credit financing.

Inter-local government cooperation and coordination mutually beneficial to all concerned shall be enhanced;

- (e) The Department shall enhance the capabilities of local governments by instituting a system of decentralization whereby local governments are given more powers, responsibilities and resources, thereby attaining local autonomy;

Involvement of citizens and community organizations in local government activities shall always be encouraged and promoted;

It shall be the policy of the Department to decentralize substantive operational functions to its regional offices.

SEC. 5. Powers and Functions. To accomplish its mandate, the Department shall perform the following powers and functions:

- a) Advise the President on the promulgation of policies, rules, regulations and other issuances relative to the general supervision of local governments;  
Establish and prescribe rules, regulations and other issuances implementing laws on the general supervision of local governments and the promotion of local autonomy and community empowerment and monitor compliance thereof by said units;
- (c) Provide assistance in the preparation of national legislation affecting local governments;
- (d) Establish and prescribe plans, policies, programs and projects to strengthen the administrative, technical and fiscal capabilities of local government offices and personnel;  
Formulate plans, policies and programs which will meet local emergencies arising from natural and man-made disasters.

SEC. 6. Structural Organization. The Department shall be composed of the Offices of the Secretary, staff and line offices which shall consist of the following:

- (a) Bureau of Local Government Supervision;
- (b) Bureau of Local Government Development;
- (c) National Barangay Operations Office;
- (d) Project Development Services;
- (e) Support Services;
- (f) Office of Public Affairs;
- (g) Regional and Field Offices;

SEC. 7. Secretary of Local Government. The authority and responsibility in the exercise of the mandate of the Department and in the discharge of its powers and functions shall be vested in the Secretary of Local Government, hereinafter referred to as the Secretary, who shall have supervision and control of the Department and who shall be appointed by the President. For such purposes, the Secretary shall have the following duties and powers:

Advise the President on matters relative to power of general supervision over local governments;

Establish appropriate policies and standards for the effective and efficient operations of the Department;

Promulgate policies, rules, and regulations necessary in carrying out Department goals and objectives;

- (d) Exercise supervision and control over all offices within the Department;  
Delegate his duties, powers and authority to his subordinates whenever necessary;  
Appoint other officers and employees of the Department except as otherwise provided for by law;  
Perform such other functions as may be provided by law or directed by the President.

SEC. 8. Office of the Secretary. The Office of the Secretary shall consist of the Secretary and his immediate staff.

SEC. 9. Undersecretaries and Assistant Secretaries. The Secretary shall be assisted by not more than three (3) Undersecretaries and three (3) Assistant Secretaries who shall be appointed by the President upon the recommendation of the Secretary. The Secretary is hereby authorized to delineate and assign the respective functional areas of responsibility of the Undersecretaries and Assistant Secretaries.

SEC. 10. Support Services. The Support Services of the Department shall be as follows:

Planning Service, which shall be responsible for providing the Department with efficient and effective service relating to planning, programming, research and statistics;

- (b) Financial and Management Service, which shall be responsible for providing the Department with efficient and effective staff advice and assistance on budgetary, financial and management improvement matters;

Legal Service, which shall be responsible for providing the Department with efficient and effective legal counselling services, assistance to the Secretary in the review or determination of subordinate bodies/agencies, collaboration with the Solicitor General in handling cases affecting the Department, and investigation of administrative cases involving Department personnel and local officials;

Electronic Data Processing Service, which shall be responsible for providing adequate and up-to-date data and management information inputs, including monitoring of all field operations, to serve as basis for effective planning, management and control, policy formulation and decision-making; and

Administrative Service, which shall be responsible for providing the Department with efficient and effective services relative to personnel, information, records, supplies, equipment, collection, disbursements, security and custodial work and other kinds of services not related to other services above enumerated.

SEC. 11. Office of Public Affairs. There shall be established in the Department an Office of Public Affairs, which shall have the following functions:

Provide technical assistance in the modernization and maintenance of a Department-wide micro-telecommunications systems;

Provide mechanisms for the operationalization of the intent of the provisions of public information, coverages and documentation of the activities of the Department;

Perform functional supervision over regional information centers in providing the citizenry with relevant information on the program of the Department and the Government's thrust towards the participation of the citizens in the democratic processes;

- 
- Establish and prescribe plans, programs to implement the administrative and technical capabilities of public officers and personnel both on the central and regional levels;
  - Establish and prescribe guidelines in the administration of Information and Public Assistance Services;
  - Extend consultation services and advice in the implementation of Regional Information Services;
  - Assess information needs of the people through opinion polls and surveys;
  - (h) Provide assistance on various public programs of the Department;
  - (i) Establish and implement policies, plans, programs and projects to meet local emergencies arising from natural and man-made disasters;
  - Perform such other duties and responsibilities as may be assigned or delegated by the Secretary in the effective delivery of public services or as may be required by law.

SEC. 12. Bureau of Local Government Supervision. The Bureau of Local Government Supervision, to be headed by a Bureau Director appointed by the President upon the recommendation of the Secretary, shall have the following functions:

- Advise and assist the Secretary in the exercise of the power of general supervision of the President over local governments, particularly in the formulation and implementation of national laws, policies and standards concerning local government operations and their personnel;
- (b) Establish and prescribe guidelines in the administration of the Katarungang Pambarangay Program;
- Monitor compliance of national laws and policies by local governments;
- (d) Provide assistance in the preparation of national legislation affecting local governments and in the promotion of local autonomy;
- Extend consultation services and advice in promoting local autonomy;
- (f) Provide assistance to local governments in the promotion of citizens participation in local government activities;
- Provide technical and financial assistance, as well as secretariat services to the Leagues of Provinces, Cities and Municipalities;
- (h) Perform other functions as may be delegated by the Secretary or as provided for by law.

SEC. 13. Bureau of Local Government Development. The Bureau of Local Government Development, to be headed by a Bureau Director appointed by the President upon the recommendation of the Secretary, shall have the following functions:

- Establish and prescribe plans, policies, programs and standards to strengthen the administrative, fiscal and technical capabilities of local government offices and personnel;
  - Provide technical assistance to enhance the administrative, fiscal and technical capabilities of local government officers and personnel;
  - (c) Formulate, prescribe, monitor and periodically evaluate local development policies, plans, programs and projects designed to enhance the participation of local governments in planning and implementation;
  - Establish a system of incentives and grants to local governments and prescribe policies, procedures and guidelines in the implementation of self-help assistance projects;
-

- Formulate and develop models, standards and technical materials on local government development;
- Provide consultation services and advice on local government involved in development programs;
- (g) Establish viable systems of strategies and approaches for local governments anchored on citizens participation within a wholistic and integrated framework for the development of communities;
- Perform other functions as may be delegated by the Secretary or as provided for by law.

SEC. 14. Local Government Academy. There shall be established in the Department a Local Government Academy which shall be responsible for human resource development and training of local government officials and Department personnel. The Academy shall be under the direct supervision of a Board of Trustees composed of the Secretary of Local Government as Chairman and four (4) other members to be appointed by the President upon recommendation of the Secretary. The structure and staffing pattern of the Local Government Academy shall be prescribed and approved by the Secretary.

SEC. 15. National Barangay Operations Office. The National Barangay Operations Office which shall be headed by a Director to be appointed by the President upon the recommendation of the Secretary, shall have the following functions:

- (a) Formulate policies, plans and programs that will promote community and citizens participation in the political development of the barangay through the mobilization and participation of barangay assemblies;  
Initiate projects on innovative barangay development strategies and approaches in close coordination with the Bureau of Local Government Development;  
Provide secretariat services to the Association of Barangay Councils and serve as a clearing house on matters affecting barangay officials' insurance, hospitalization, educational and other benefits as provided by law;  
Provide continuing information dissemination to barangay units on national development efforts and issues in order for barangay assembly members to participate meaningfully in national development;  
Establish and maintain masterlists of barangays and barangay officials and barangay socio-economic profile;
- (f) Provide situation and political analysis for the Secretary on barangay affairs.  
Perform other functions as may be delegated by the Secretary or as provided for by law.

SEC. 16. Project Development Services. There shall be established in the Department the Office of Project Development Services which shall have the following functions:

- Formulate innovative approaches and strategies designed to promote technical capabilities of local governments;
- (b) Assist in the development of program components for the implementation of tested and appropriate systems and processes at the local level;  
Perform other functions as may be delegated by the Secretary or as provided for by law.



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SEC. 17. Regional and Field Offices. There shall be one Regional Office in each of the administrative regions established by law to be headed by a Regional Director appointed by the President upon the recommendation of the Secretary. The Regional Office shall have other field offices as may be necessary to carry out its functions which are as follows:

- Implement laws and rules, regulations, other issuances, policies, plans, programs and projects of the Department;
- Provide efficient and effective service to local government;
- Coordinate with regional offices of other departments, offices and agencies affecting local administration and development;
- Assist local governments develop their overall capabilities for local government administration and development;
- (e) Perform other functions as may be delegated by the Secretary or as provided for by law.

SEC. 18. Abolished Agencies, Offices, Units of the Department. The following agencies, offices and units are hereby abolished:

- National Secretariat Paglilingkod sa Bagong Lipunan;
- Katipunan ng mga Sanggunian National Secretariat and the Pambansang Katipunan ng mga Punong Bayan sa Pilipinas Office;
- Operations, Monitoring and Support Office;
- (d) Barangay Brigades Development Program Office;
- (e) Management Information System Office;
- Lupong Tagapagpaganap Secretariat; and
- Magalang-Angat Task Force Development Project.

SEC. 19. Leagues of Provinces, Cities and Municipalities. There is hereby created the Leagues of Provinces, Cities and Municipalities.

The functions, budget and records of the Katipunan ng mga Sanggunian National Secretariat and the Pambansang Katipunan ng mga Punong Bayan sa Pilipinas, shall be transferred to the Leagues of Provinces, Cities and Municipalities created under this Executive Order. The Leagues shall be under the supervision of the Bureau of Local Government Supervision.

The Secretary is hereby authorized to promulgate the necessary implementing rules that will activate these Leagues.

SEC. 20. Transitory Provisions. In accomplishing the reorganization of the Department, the following transitory provisions shall be complied with:

The transfer of a government unit shall include the functions, appropriations, funds, records, equipment, facilities, choses in action, rights, other assets, and liabilities, if any, of the transferred unit as well as the personnel thereof, as may be necessary, who shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits. Those personnel from the transferred unit whose positions are not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary or who are not reappointed shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of Section 21 hereof.

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The transfer of functions which results in the abolition of the government unit that exercised them shall include the appropriations, funds, records, equipment, facilities, choses in action, rights, other assets and personnel as may be necessary to the proper discharge of the transferred functions. The abolished unit's remaining appropriations and funds, if any, shall revert to the General Fund and its remaining assets, if any, shall be allocated to such appropriate units as the Secretary shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Its liabilities, if any, shall likewise be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Its personnel shall, in a hold-over capacity, continue to perform their duties and responsibilities and receive the corresponding salaries and benefits. Its personnel whose positions are not included in the Department's structure and staffing pattern approved and prescribed by the Secretary under Section 21 hereof or who are not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 21.

Any transfer of functions which does not result in the abolition of the government unit that has exercised them shall include the appropriations, funds, records, equipment, facilities, choses in action, rights, and assets and personnel as may be necessary to the proper discharge of the transferred functions. The liabilities, if any, that may have been incurred in connection with the discharge of the transferred functions, shall be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Such personnel shall, in a hold-over capacity, continue to perform their duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service. Any personnel, whose position is not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary under Section 21 hereof or who is not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 21.

In case of the abolition of the government unit which does not result in the transfer of its functions to another unit, the appropriations and funds of the abolished entity shall revert to the General Fund, while the records, equipment, facilities, choses in action, rights, and other assets thereof shall be allocated to such appropriate entities as the Secretary shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The liabilities of the abolished units shall be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations, while the personnel thereof, whose position, is not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary under Section 21 hereof or who has not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 21.

In case of merger or consolidation of government units, the new or surviving unit shall exercise the functions (subject to the reorganization herein prescribed and the laws, rules and regulations pertinent to the exercise of such functions) and shall acquire the appropriations, funds, records, equipment, facilities, choses in action, rights, other assets, liabilities, if any, and the personnel, as may be necessary, of the units that compose the merged unit shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from the service. Any such personnel, whose position is not included in the Department's new position structure

and staffing pattern approved and prescribed by the Secretary under Section 21 hereof or who has not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 21.

- (f) In case of termination of a function which does not result in the abolition of the government unit which performed such function, the appropriations and funds intended to finance the discharge of such function shall revert to the General Fund while the records, equipment, facilities, choses in action, rights and other assets used in connection with the discharge of such function shall be allocated to the appropriate units as the Department shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The liabilities, if any, that may have been incurred in connection with the discharge of such function shall likewise be treated in accordance with Government Auditing Code and other pertinent laws, rules and regulations. The personnel who have performed such function, whose positions are not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary under Section 21 hereof or who have not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 21 hereof.

SEC. 21. New Organizational Structure and Staffing Pattern. Upon approval of this Executive Order, the officers and employees of the Department shall be in a hold-over capacity, until such time that the reorganization of the Department is completed.

The new organizational structure and staffing pattern of the Department shall be approved and prescribed by the Secretary within one hundred twenty (120) days from the approval of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by him or by the President, as the case may be. Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one month basic salary for every year of service, or the equivalent nearest fraction thereof favorable to them on the basis of the highest salary received, but in no case shall such payment exceed the equivalent of 12 months salary.

SEC. 22. Periodic Performance Evaluation. The Secretary is hereby required to formulate and enforce a system of measuring and evaluating periodically and objectively the performance of the Department and submit the same to the President of the Philippines.

SEC. 23. Notice or Consent Requirement. If any reorganizational change herein authorized is of such substance or materiality as to prejudice third persons with rights recognized by law or contract and such notice to or consent of creditors is required to be made or obtained pursuant to any agreement into, with any of such creditors, then such notice or consent requirement shall be complied with prior to the implementation of such reorganizational change.

SEC. 24. Prohibition Against Change. No change in the reorganization herein prescribed shall be valid except upon prior approval of the President/or by an act of Congress for the purpose of promoting efficiency and effectiveness in the delivery of public services. The Secretary shall see to it that there shall be no overlapping of functions between and among the different offices and bureaus of the Department.

SEC. 25. Funding. Funds needed to carry out the provisions of this Executive Order shall be taken from funds available in the Department.

SEC. 26. Implementing Authority of the Secretary. The Secretary shall issue such rules, regulations and other issuances as may be necessary to ensure the effective implementation of the provisions of this Executive Order.

SEC. 27. Separability Clause. If, for any reason or reasons, any part or provision of this Order shall be held unconstitutional or invalid, other parts or provisions hereof which are not affected thereby shall continue to be in full force and effect.

SEC. 28. Repealing Clause. Except as otherwise provided herein, all laws, acts, decrees, executive orders, proclamations and administrative regulations, or part or parts thereof which are inconsistent with this Order are hereby repealed or modified accordingly.

SEC. 29. Effectivity. This Executive Order shall take effect immediately.

APPROVED IN THE City of Manila, Philippines, this 25th day of July, in the Year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 263**  
**APPROPRIATING FUNDS FOR THE OPERATIONS OF THE PHILIPPINE**  
**INFORMATION AGENCY**

WHEREAS, Executive Order No. 100 created the Philippine Information Agency to provide to as wide a public as possible information regarding the policies and programs of government in a coordinated and complimentary fashion and without the influence of partisan politics;

WHEREAS, Executive Order No. 100 directed the Philippine Information Agency to cause the preparation of an operating budget in collaboration with the Ministry, now Department of Budget and Management on the details necessary to put into effect its implementation;

WHEREAS, the said budget has been prepared in accordance with the existing laws, rules and regulations.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order the following:

SECTION 1. The amount of Twenty Three Million Pesos (₱23,000,000.00) is hereby authorized to be released from the Compensation and Organization Adjustment Fund in the current General Appropriations Act, for the operations of the Philippine Information Agency in accordance with the provisions of Executive Order No. 100.

SECTION 2. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 264**  
**PROVIDING FOR THE CITIZEN ARMED FORCE**

WHEREAS, Section 4, Article XVI, of the 1987 Constitution provides that: “The Armed Forces of the Philippines shall be composed of a citizen armed force which shall undergo military training and serve, as may be provided by law. It shall keep a regular force necessary for the security of the State”; and

WHEREAS, Section 4, Article II, of the 1987 Constitution mandates that: “The prime duty of the Government is to serve and protect the people. The Government may call upon the people to defend the State and, in the fulfillment thereof, all citizens may be required, under conditions provided by law, to render personal military or civil service”;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. The Armed Forces of the Philippines shall include the Citizen Armed Force which is hereby constituted, to be composed of all reservists, and officers and enlisted men on inactive status. All able-bodied citizens shall become reservists with appropriate ranks. All reservists in a particular locality shall be organized into reserve geographical units subject to call and mobilization as the need arises, individually or as a unit. Reservists called to active duty shall serve with the regular troops as part of the standing force. The Secretary of National Defense shall prescribe and implement a continuing program of recruitment and training for the Citizen Armed Force to enable it to respond to all types of threats to national security.

SEC. 2. The Secretary of National Defense shall cause the organization of the Citizen Armed Force into Geographical Units (CAF GUs) throughout the country and the implementation of the reserve force development program of the Armed Forces of the Philippines.

SEC. 3. The Citizen Armed Force Geographical Units shall consists of cadre of officers and men in the active force and qualified reservists residing in the locality. The cadre may, however, be assigned to another unit in the active force while the CAFGUs to which they are assigned are on inactive status.

SEC. 4. Whenever dictated by military necessity, and upon the recommendation of the Secretary of National Defense and approved by the President, the Citizens Armed Force may be called or mobilized to complement the operations of the regular force of the Armed Forces of the Philippines or to support the regular force formations or units. For this purpose, Active Auxiliary Units which shall be part of the Citizen Armed Force Geographical Units, may be utilized, to be constituted out of volunteers to be screened in consultation with the local executives and civic/business leaders. These Active Auxiliary Units shall mean a degree of activation of military reservists short of full active duty status. They shall not be vested with law-enforcement or police functions.

SEC. 5. All member of the Citizen Armed Force on training or service shall be subject to military law and the Articles of War.

SEC. 6. Funds necessary to implement this Executive Order shall be taken from the applicable appropriation of the Department of National Defense.

SEC. 7. The Secretary of National Defense shall promulgate the necessary rules and regulations to implement this Executive Order, subject to approval by the President of the Philippines.

SEC. 8. All laws, orders, rules and regulations or parts thereof inconsistent with the provisions of this Executive Order are hereby repealed or modified accordingly.

SEC. 9. This Executive Order shall take effect after Ninety (90) days following the completion of its publication either in the Official Gazette or in a newspaper of general publication in the Philippines.

Done in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 265**  
**CREATING THE AURORA INTEGRATED AREA DEVELOPMENT PROJECT OFFICE,**  
**PROVIDING FUNDS THEREFOR AND FOR OTHER PURPOSES**

I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

**SECTION 1. Declaration of Policy.** – The Aurora Integrated Area Development Project, hereinafter referred to as the Project, is hereby declared as a project of the National Government under the direct supervision of the National Council on Integrated Area Development, hereinafter referred to as the NACIAD.

**SECTION 2. Creation of the Aurora Integrated Area Development Project Office.** – There is hereby created an Aurora Integrated Area Development Project Office, hereinafter referred to as the Project Office, which shall be responsible to the NACIAD for the implementation of the project and its components in cooperation with the designated regional and provincial implementing units of participating agencies. For this purpose, the Project Office shall establish the appropriate budgeting and financing system in coordination with the Department of Budget and Management and for concerned agencies.

The Project Office shall be headed by a Project Director who shall be appointed by the Chairman of NACIAD upon recommendation of the NACIAD Executive Director.

**SECTION 3. Creation, Composition and Functions of the Executive Steering Committee and the Technical Advisory Committee.** – For the purpose of providing operating policies and guidelines in the implementation and coordination of the project there is hereby established an Executive Steering Committee chaired by the NACIAD Executive Director and composed of the duly designated national or regional representatives of the participating implementing agencies and the provincial government. The Project Director shall act as secretary of the Committee.

To assist the Project Director in the management of the project, there is hereby created a Technical Advisory Committee to be composed of the provincial heads of the implementing agencies and concerned provincial government units and to be chaired by the Project Director.

**SECTION 4. Creation of an Aurora Integrated Area Development Project Fund.** – The proceeds of the grant assistance obtained from the European Economic Community shall be constituted into an Aurora Integrated Area Development Project Fund under Chapter XXXV, Integrated Area Development Projects Fund of the General Appropriations Act to finance partially the implementation of the Project. The Department of Budget and Management in consultation with the NACIAD and the concerned departments/agencies shall issue the appropriate guidelines for the utilization of the Fund and the mechanics of its administration.

The appropriate Philippine Government contribution or counterpart fund for each of the Project components shall be made available through the established budgetary systems and procedures.

**SECTION 5. Operating Expenses.** – The amount of six million five hundred thousand pesos (₱6,500,000.00) is hereby allotted from any applicable lump sum fund under the CY 1987 General Appropriations Act to cover the initial operating expenses of the Project. For the succeeding fiscal year



and until its termination, such amounts as may be necessary for the budgetary requirement of the Projects shall be provided for in the Annual General Appropriations Act.

SECTION 6. Auditing Procedures. – The Commission on Audits shall establish a resident unit attached to the Project Office to certify all expenditures based on the annual work and financial plan of the Project. The financial transactions of the Project shall be audited in accordance with existing law, rules and regulations.

SECTION 7. Separability Clause. – If any provisions of this Executive Order shall be held unconstitutional or invalid, the other provisions shall remain effective.

SECTION 8. Repealing Clause. – Letter of Instructions No. 1499 dated December 18, 1985 is hereby repealed. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 9. Effectivity. – This Executive Order shall take effect immediately.

Done in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 266**  
**PROVIDING FOR TWO SERVICE UNITS IN THE OFFICE OF THE ASSISTANT SECRETARY**  
**FOR LAND TRANSPORTATION IN THE DEPARTMENT OF TRANSPORTATION AND**  
**COMMUNICATIONS, DEFINING THE POWERS AND FUNCTIONS THEREOF**  
**AND FOR OTHER PURPOSES**

WHEREAS, there is a need to upgrade the Law Enforcement Division in the Office of the Assistant Secretary for Land Transportation into a service unit in order to make more effective the enforcement of traffic laws, rules and regulations;

WHEREAS, for a more meaningful law enforcement, it is likewise imperative to create within the Office of the Assistant Secretary for Land Transportation a service unit that shall specifically discharge the quasi-judicial powers and functions of the Department of Transportation and Communications insofar as violations of traffic laws, rules and regulations are concerned;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. There shall be two service units in the Office of the Assistant Secretary for Land Transportation in the Department of Transportation and Communications, namely:

- 1 Law Enforcement Service, and
- 2 Traffic Adjudication Service.

Each of the aforesaid service units shall be headed by a Service Chief to be appointed by the President upon recommendation of the Secretary of Transportation and Communications.

SECTION 2. The existing Law Enforcement Division in the Office of the Assistant Secretary for Land Transportation is hereby upgraded into a service unit which shall henceforth be known as the Law Enforcement Service and shall have the same functions and powers as those that the existing division now exercises.

SEC. 3. The Traffic Adjudication Service shall have the following powers and functions:

a) To hear and decide cases involving violations of laws, rules and regulations governing land transportation and to impose fines and/or penalties therefor; provided that violations resulting in damage to property and/or physical injuries or violations constituting offenses punishable under the Revised Penal Code or other penal laws shall be under the jurisdiction of the regular courts;

b) To order the impounding of motor vehicles and confiscation of plates or the arrest of violators of laws, rules and regulations governing land transportation;

c) To issue subpoena and subpoena duces tecum and to summon witnesses to appear in any proceeding thereof, and to administer oaths and affirmations;

d) To promulgate rules and regulations governing the proceedings before it; provided that except with respect to paragraph c, the rules of procedures and evidence prevailing in the courts of law shall not be controlling and all reasonable means to ascertain the facts in each case shall be used without regard to technicalities of law and procedures but all in the interest of due process; and

e) To perform such other functions and duties as may be provided by law, or as may be necessary, or proper or incidental to its powers and functions.

SEC. 4. The Traffic Adjudication Service and the Law Enforcement Service may require the cooperation and assistance of the Philippine Constabulary, particularly the Highway Patrol Group, the Integrated National Police or any government agency or office.

SEC. 5. Funds needed to carry out the provisions of this Executive Order shall be taken from funds available in the Department and/or from subsequent appropriations.

SECTION 6. This Executive Order accordingly modifies Executive Order No. 125 as amended by Executive Order No. 125-A.

SECTION 7. This Executive Order shall take effect immediately.

Done in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 267**

FURTHER AMENDING COMMONWEALTH ACT NO. 542, ENTITLED “AN ACT TO CREATE A CORPORATION TO BE KNOWN AS THE GIRL SCOUTS OF THE PHILIPPINES, AND TO DEFINE ITS POWERS AND PURPOSES”, AS AMENDED

WHEREAS, it is necessary to amend the charter of the Girl Scouts of the Philippines to make it more effective and responsive to the demands of the community;

WHEREAS, the growing membership of the Girl Scouts Movement requires a restructuring of the organization of the Girl Scouts of the Philippines;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 5 of Commonwealth Act No. 542, as amended, is hereby further amended to read as follows:

“SEC. 5. (a) The governing body of the corporation shall be vested in a Central Board composed of 37 members, as prescribed in the By-Laws, as follows:

- (1) the Charter/Life Members;
- (2) the Regional Chairmen of the Girl Scouts Regions of the Philippines who shall be elected by their respective Regions;
- (3) the President of the Boy Scouts of the Philippines;
- (4) the immediate Past National President of the Girl Scouts of the Philippines;
- (5) one Senior Girl Scout/Cadet from each Girl Scout Region to represent the girl membership, who shall be elected by the Girl Scouts of each Region;
- (6) The remaining members shall be the members at-large, who shall be elected by the National Council from a list submitted by the Nominating Committee from nominees from Provincial/City Councils and National Committees.

The Central Board shall have the power to make and amend the Constitution and By-Laws of the Girl Scouts of the Philippines subject to ratification by the National Council, create standing and special committees and provide policies and procedures as may be necessary to carry out the business of the Corporation.

It shall meet regularly at least twice a year. The number necessary to constitute a quorum, which number may be less than a majority of the whole number of the Board, shall be fixed by the By-Laws.

The members of the Central Board shall serve for a term of three (3) years or until their successors shall have been elected and qualified. In case of inability of a member to assume office or when any vacancy occurs by reason of death,

resignation, or incapacity, the position shall be filled by the candidate who received the next highest number of votes in the preceding election.

The Central Board shall elect from among themselves the officers of the Corporation, to wit: the National President, the First National Vice-President, the Second National Vice-President, the National Secretary, the Assistant National Secretary, the National Treasurer, and the Assistant National Treasurer.

(b) A woman President of the Philippines or the First Lady of the Philippines shall be the Chief Girl Scout of the Girl Scouts of the Philippines.”

SECTION 2. Section 6 of Commonwealth Act No. 542, as amended, is hereby further amended to read as follows:

“SEC. 6. There shall be a National Executive Committee composed of all the officers of the Corporation and the chairmen of the standing committees which shall be responsible for implementing the policies and decisions of the National Council and the Central Board.”

SECTION 3. Section 7 of Commonwealth Act No. 542, as amended, is hereby further amended to read as follows:

“SEC. 7. There shall be a National Council composed of members of the Central Board, Charter and Life Members, Presidents of Provincial/City Councils and delegates elected from each council or their duly designated representatives in such number as may be prescribed by the By-Laws.

The National Council shall convene once every three (3) years in a convention assembled for the purpose. Special conventions may be called. The number of delegates to constitute a quorum in both conventions as well as the time, place and manner of holding the same shall be prescribed in the By-Laws.

The National Council shall elect the members at-large of the Central Board; ratify amendments to the Constitution and By-Laws of the Girl Scouts of the Philippines by a two-third (2/3) vote of its members present and voting; serve as a forum for guidelines, policies and directions; and consider such matters as may come before the convention.”

SECTION 4. Section 13 of Commonwealth Act No. 542, as added by Presidential Decree No. 720, is hereby repealed. Accordingly, Section 14 is hereby re-numbered as Section 13. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 5. This Executive Order shall take effect immediately.

Done in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 268**

**EXEMPTING THE DORMANT ACCOUNTS OF THE PHILIPPINE POSTAL SAVINGS BANK  
FROM THE PRESCRIBED ESCHEAT PROCEEDINGS UNDER SECTIONS 2000 AND 2000-A OF  
THE REVISED ADMINISTRATIVE CODE.**

WHEREAS, pursuant to Presidential Decree No. 221, as amended by Presidential Decree No. 241, the operations of the Philippine Postal Savings Bank (“PPSB”) were discontinued and its remaining assets and liabilities were transferred to the Philippine National Bank (“PNB”);

WHEREAS, comprising these assets and liabilities are accounts which by law are considered dormant accounts there being no deposit, withdrawal or other transactions thereon for more than ten (10) years since the last transaction;

WHEREAS, the procedures prescribed under Sections 2000 and 2000-A of the Revised Administrative Code, as amended, for the escheat of PPSB dormant accounts require, among others, the following:

1. posting in every municipality and chartered city a printed list containing:
  - (a) the name and last known address of the depositor and the name of his beneficiary, if any;
  - (b) the amount outstanding; and
  - (c) the date when the depositor died if known or the date when he made his last deposit or withdrawal;
2. providing the Solicitor General with the printed list together with a sworn statement certifying as to the dates and places where the lists were posted;
3. a legal action to be initiated by the Solicitor General in the Court of First Instance (now Regional Trial Court) of Manila with PPSB as plaintiff and the depositors/beneficiaries as defendants; and
4. publication of a copy of the summons and notice of Clerk of Court once a week for three consecutive weeks in the Official Gazette;

WHEREAS, PNB has been sending notices to the last known addresses of the depositors concerned since 1973 but so far most of these depositors have not responded and their deposits have remained unclaimed;

WHEREAS, nearly all of these dormant accounts have minimal balances and it would be impractical and costly to follow the prescribed escheat proceedings under Sections 2000 and 2000-A of the Revised Administrative Code;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

**SECTION 1. Escheat Procedures for Philippine Postal Savings Bank Dormant Accounts.** The escheat of dormant accounts of the Philippine Postal Savings Bank shall be exempt from the procedures

prescribed under Sections 2000 and 2000-A of the Revised Administrative Code and the same shall be effected in accordance with the following procedures:

a notice to all depositors of the dormant accounts of said bank shall be published in a newspaper of general circulation once a week for three consecutive weeks requiring them to withdraw the outstanding balances of their deposits within six (6) months from the date of the last publication.

any and all such deposits remaining unclaimed after the expiration of the six-month period from the last publication of the notice shall, without further act or proceedings, be deemed escheated in favor of PNB as trustee of the assets of PPSB and thereafter the same shall be disposed of in accordance with the provisions of Presidential Decree No. 241 after all the expenses in connection with the notice herein required shall have been paid.

SEC. 2. Repealing Clause. All laws, decrees, acts, orders, proclamations, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SEC. 3. Effectivity. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.



MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 269**  
**AMENDING PRESIDENTIAL DECREE NO. 1519, ENTITLED “REVISING THE PHILIPPINE  
MEDICARE ACT OF NINETEEN HUNDRED AND SIXTY NINE”**

WHEREAS, to make the Philippine Medical Care Plan more responsive to its objectives, in view of the re-orientation and structuring of health policies, programs and organizations, and to have a more effective administration of the Medicare Program, there is a need to amend further the Revised Philippine Medical Care Act;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

Section 1. Section 4 (k) of Presidential Decree No. 1519 is hereby amended to read as follows:

“(k) Medical or Dental Practitioner. – Any doctor of medicine or doctor of dental medicine duly licensed to practice in the Philippines and who is accredited by the Commission in accordance with its rules and regulations.”

Section 2. Section 5 of Presidential Decree No. 1519 is hereby amended to read as follows:

“Section 5. Philippine Medical Care Commission. To carry out the purposes and objectives of this Act, the Philippine Medical Care Commission created by Republic Act No. 6111, hereinafter referred to as the Commission, shall be composed of the Secretary of Health as Chairman; an Undersecretary of Health designated by the former as Vice-Chairman; the Administrator of the Social Security System; the President and General Manager of Government Service Insurance System; the Secretary of Finance; the Secretary of Local Government; the Secretary of Labor and Employment; and four other members, one each representing the beneficiaries, the private employers, the physicians and the hospitals. The four other members shall be appointed by the President of the Philippines for a term of six (6) years.

The ex-officio members may designate their representatives who shall exercise the plenary powers of their principals as well as enjoy the same benefits available to the latter.”

Section 3. Section 6 of Presidential Decree No. 1519, as amended, is hereby further amended to read as follows:

“Section 6. Functions of the Commission. The Commission shall have the following functions and powers:

To formulate policies, administer and implement the Philippine Medical Care Plan, consistent with the National Health Plan.

- (b) To ensure that medical care is provided to members covered by the Philippine Medical Care Plan.

To organize its offices, fix the compensation of and appoint its Secretary and such other personnel as may be deemed necessary, subject to pertinent budget and compensation laws, rules and regulations.

To accredit medical and dental practitioners, government and private hospitals and other facilities for participation in Medical Care Plan under such terms and conditions as the Commission may set.

To promulgate or prescribe rules and regulations as may be necessary to carry out the provisions and purposes of this Act.

To recommend to the President from time to time according to sound actuarial procedures the contributions and benefits under the Philippine Medical Care Plan as well as alternative systems in order to insure adequate financing and effective delivery of Medical Care to all beneficiaries of the plan.

- (g) To ensure a homogenous distribution of adequate hospital accommodations for inpatient care through a national network of government and private medical care facilities; and to coordinate with the Department of Health in the implementation of the Hospital Licensure Act.
- (h) To acquire in behalf of the Republic of the Philippines, real or personal property which may be necessary or expedient for the attainment of the purposes of the Commission.
- (i) To enter into agreements or contracts in the manner and under such terms and conditions as the Commission may deem proper for the efficient and effective administration of the Commission.
- (j) To adopt control measures to prevent abuses of the Philippine Medical Care Plan.
- (k) To render decisions, orders or resolutions on any investigation conducted upon its own initiative or upon complaint in writing for any violation of this law or its rules and regulations, and after notice and hearing, impose administrative fines of not less than P5,000 but not more than P30,000 against any person, natural or juridical, found guilty of such violation: Provided, That should the violation be committed by a hospital, drugstore, medical or dental practitioner, the accreditation so extended shall, in addition, be suspended or revoked: Provided, further, That should the violation be committed by a beneficiary, his right to the benefits under the Medicare Program shall, in addition be suspended for a period not exceeding six months: Provided, furthermore, That any decision, order or resolution rendered by the Commission shall be appealable to the Office of the President in accordance with the procedure established under Administrative Order No. 18, series of 1987: Provided, finally, That the administrative sanctions provided herein shall be without prejudice to the penal provisions under Section 28, hereof.
- To issue as soon as the decision, order or resolution has become final and executory writs of execution enforceable in accordance with the Rules of Court of the Philippines.
- To deputize any law enforcement agency or official in the execution of its final decision, orders or resolutions and to serve such other processes of the Commission.

- (n) To submit to the President of the Philippines annually within the first ten days of each year, a report covering its activities in the administration of this Act during the preceding fiscal years.  
To coordinate with other appropriate government agencies in the development of medical and allied manpower based on the needs of the health care delivery system.  
To approve rules and regulations to ensure uniform evaluation of claims as may be elevated by the beneficiary hospitals or practitioners.
- (q) Generally to exercise all powers necessary to attain the purposes and objectives of this Act.”

Section 4. The last sentence of Section 7 of Presidential Decree No. 1519 is hereby amended to read as follows:

“Each member of the Commission shall receive a monthly commutable allowance subject to the aforementioned laws, rules and regulations, except those who are already receiving the same from the government offices they are appointed to.”

Section 5. Section 8 of Presidential Decree No. 1519 is hereby amended to read as follows:

“Section 8. Chairman and Vice-Chairman of the Commission.

(a) The Chairman shall preside over the meetings of the Commission and shall implement its decisions. He shall exercise supervision and control over all operations of the Commission.

(b) When the Chairman is temporarily unable to perform his functions or in case of vacancy in the Office of the Chairman, the Vice-Chairman shall serve as the Acting Chairman. He shall perform such other functions as may be assigned to him by the Chairman.”

Section 6. Section 9 of Presidential Decree No. 1519 is hereby amended to read as follows:

“Section 9. Executive Director of the Commission. The Commission shall have an Executive Director who shall be appointed by the President of the Philippines for a term of six (6) years. The Executive Director shall have at least ten (10) years experience in technical and administrative fields related to the purposes and objectives of the Act. He shall hold office on a full-time basis and shall not be removed except for cause. He shall receive such salary and remuneration as may be determined by the Commission, subject to pertinent laws, rules and regulations on compensation, honoraria and allowances.

The Executive Director shall be responsible for the general conduct of the operations and administration of the Commission.”

Section 7. The second paragraph of Section 11 of Presidential Decree No. 1519 is hereby amended to read as follows:

“In case a person is covered both by the SSS and GSIS, he may choose under which system he shall be covered for Medicare purposes, under such rules as the Commission may prescribe.”

Section 8. Section 17 of Presidential Decree No. 1519 is hereby amended to read as follows:

“Section 17. Health Insurance Fund. – Payments for medical care benefits under Program I shall be borne by the Health Insurance Fund which shall consist of all contributions of Medicare members and all accruals thereto collected by the SSS and GSIS from the members under the Act. It shall be kept distinct and separate from all other funds administered by the said agencies.

The Health Insurance Fund shall be deposited, invested, administered, and disbursed in the same manner and under the same conditions, requirements, and safeguards as provided by Republic Act Numbered Eleven Hundred Sixty-One as amended, and Presidential Decree Numbered Eleven Hundred Forty-Six, as amended, with regard to such other funds as are administered by the SSS and GSIS, respectively: Provided, That the deposit, investment, administration, and disbursement of the funds conform with the policies established by the Commission: Provided, further, That the SSS and GSIS may disburse each for operational expenses not more than twelve per cent (12%) of the total contributions and investment earnings collected during the year.”

Section 9. Section 18 of Presidential Decree No. 1519 is hereby amended to read as follows:

“Section 18. Contributions to the Health Insurance Fund. – The compulsory contributions of members to the Health Insurance Fund shall be in accordance with the schedule of rates established by the Commission and approved by the President.”

Section 10. Section 19 of Presidential Decree No. 1519 is hereby amended to read as follows:

“Section 19. Collection of Contributions to the Health Insurance Fund. – The employer shall deduct from his employee’s monthly compensation the employee’s contribution. The employee’s contribution and the employer’s counterpart thereof shall be remitted by the employer directly to the GSIS and SSS, as the case may be, in the same manner as other SSS and GSIS contributions and shall be subject to the same penalties for late payment. The employer’s counterpart contribution shall not in any manner be recovered from the employee. Failure of the employer to remit to the GSIS or the SSS the corresponding employee’s and employer’s contributions shall not be a reason for depriving the employee of the benefits of this Decree.”

Section 11. Sections 24, 25 and 26 of Presidential Decree No. 1519 are hereby revoked, and Sections 27, 28 and 29 thereof are hereby re-numbered as Sections 24, 25 and 26. Sections 24 and 25 of Presidential Decree No. 1519, as renumbered herein, are hereby amended to read as follows:

“Section 24. Records and Reports. – The Commission, the SSS and GSIS shall kept records of all operations relative to the Program.”

“Section 25. Program Monitoring, Study and Research. The Commission shall undertake a continuing monitoring study and research to improve the Program.”

Section 12. A new Section 27 is hereby added to Presidential Decree No. 1519, to read as follows:

“Section 27. Preventive Suspension. – The Hearing Committee may preventively suspend any beneficiary, duly accredited practitioner, hospital, or other facility from participation in the Program if any of the following circumstances is present:

When the respondent has been found guilty of a violation of this Act or of its rules and regulations at least twice and there is reasonable ground to believe that the respondent is guilty of the present change.

2. When the respondent, at the time of the inspection, has committed or is committing a violation.

The preventive suspension order shall be for a period of not exceeding three (3) months from the date of its issuance. The order; (a) shall specify the violation charged, supported by the evidence of the violation, (b) shall require the respondent to answer the charges within a period of ten (10) days from receipt thereof, and (c) shall require the respondent to appear on the date set for hearing the case.”

Section 13. Sections 30, 31, 32, 33, 34, 35 and 36 of Presidential Decree No. 1519 are hereby renumbered as Sections 28, 29, 30, 31, 32, 33 and 34. Section 29 of Presidential Decree No. 1519, as renumbered herein, is hereby amended to read as follows:

“Section 29. Appropriation. Funds as may be necessary to finance the operation, programs, and projects of the Commission in carrying out this Decree are hereby authorized to be included in the Annual Appropriations Law.”

Section 14. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

Section 15. This Executive Order shall take effect immediately.

Done in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 270**

AMENDING PROCLAMATION NO. 94 PROVIDING FOR THE HOLDING OF LOCAL ELECTIONS PURSUANT TO THE SECOND PARAGRAPH OF SECTION 1, ARTICLE XVIII OF THE 1987 CONSTITUTION, AND APPROPRIATING FUNDS THEREFOR.

WHEREAS, under Section 1, paragraph 2, Article XVIII of the 1987 Constitution, the first local election shall be held on a date to be determined by the President;

WHEREAS, in Proclamation No. 94, dated April 14, 1987, the date of the first local elections under the 1987 Constitution has been set on August 24, 1987; and

WHEREAS, after conducting a public hearing and consultations on the matter, and considering that up to the present, the Commission on Elections is still occupied with the national canvass of the result of the May 11, 1987 elections for Senators and Representatives, leaving less than two (2) months for the extensive preparations required for said local elections, involving more than 16,000 local officials, the Commission on Elections has recommended that said date of the local elections be reset to November, 1987;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby amend Proclamation No. 94 and hereby order that:

SECTION 1. Election of local officials. – There shall be elections for provincial governors, provincial vice-governors, city and municipal mayors, city and municipal vice-mayors, and members of each Sangguniang Panlalawigan, Sangguniang Panlungsod and Sangguniang Bayan, including all members of the city or municipal councils in the Metropolitan Manila area, to be held on Monday, November 9, 1987: Provided, That all local officials, whether elected, acting or officers-in-charge, shall be deemed automatically resigned from their positions effective upon the filing of their certificates of candidacy for any local position which shall not be later than thirty (30) days prior to the said elections. If the governor or the city or municipal mayor is a candidate but the vice-governor or the city or municipal vice-mayor is not a candidate in said elections, then the latter shall become the acting governor or mayor, as the case may be, until the election and assumption to office of the duly elected governor or mayor. If both the governor and vice-mayor are candidates, an acting officer-in-charge to the position vacated shall be designated by the Department of Local Government from the following local officials:

- (a) Provincial/City/Municipal Administrator
- (b) Provincial/City/Municipal Planning and Development Coordinator
- (c) Provincial/City/Municipal Secretary in the absence of the Administrator and Coordinator

Local officials duly elected shall assume office on the first day of December, 1987.

SEC. 2. Election and Campaign Periods. – As recommended and designated by the Commission on Elections, the election period shall be from September 10, 1987 to December 9, 1987; and the

campaign period shall be thirty (30) days commencing on October 9, 1987 and ending on November 8, 1987;

SEC. 3. As an additional prohibited form of election propaganda, no posters shall be allowed anywhere except in the COMELEC poster area as provided for in Section 91 of the Omnibus Election Code (Batas Pambansa Blg. 881, as amended). Any person found guilty of violating the above-mentioned prohibition shall suffer the penalties imposed in Section 264 of the Omnibus Election Code.

SEC. 4. Special Registration of Voters. – There shall be special registration on Saturday, September 26, 1987, for voters who will reach the age of eighteen (18) on November 23, 1987, or those who failed to register in the general registration of voters last December, 1986 or in the special registration before the elections for members of Congress on May 11, 1987; Provided, That the Commission may order a general re-registration of all voters on such dates it may set in certain provinces, cities or municipalities, where it deems it necessary to eliminate rampant illegal registration of voters and thereby ensure the holding of free, orderly, honest, peaceful and credible elections.

SEC. 5. Law to govern the conduct of elections. – The conduct of local elections shall be governed by the applicable provisions of the Omnibus Election Code of 1985, as amended by Executive Order Nos. 50, 94, 134, 144, and 162, unless otherwise further amended hereafter.

SEC. 6. Appropriations. – The amount of TWO HUNDRED MILLION (₱200,000,000) PESOS, or so much thereof as may be necessary for the holding of the local elections, is hereby set aside out of the annual budget and savings of the Commission on Elections, which shall be released automatically by the Department of Budget and Management upon request of the Chairman of the Commission on Elections, based on the approved special budget. In case of deficiencies, the funds herein provided shall be augmented from the contingent fund or any other applicable appropriations authorized in the Current General Appropriations Act, which shall likewise be released automatically upon similar request of the Chairman of the Commission on Elections.

SEC. 7. Repealing Clause. – All laws, orders, rules and regulations or parts thereof inconsistent with the provisions of this Executive Order are hereby repealed or modified accordingly.

SEC. 8. Effectivity. This Executive Order shall take effect immediately.

DONE in the City of Manila, Philippines, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 271**  
AMENDING SECTION 2 OF EXECUTIVE ORDER NO. 19 AND SECTION 20 OF  
PRESIDENTIAL DECREE NO. 1445

WHEREAS, Section 2 of Executive Order No. 19 amends Section 24 of Presidential Decree No. 1445 by providing a new scheme for computing the audit cost chargeable against government corporation, as follows:

“in the case of government-owned or controlled corporations and its subsidiaries, the cost of audit services shall be fixed at an amount equivalent to one fourth of one per centum (1/4 of 1%) of the operating budgets of these corporations/subsidiaries;”

WHEREAS, if implemented, such audit cost will result in iniquitous assessment to some corporations;

WHEREAS, there is a need to amend further the first paragraph of Section 20 of Presidential Decree No. 1445 to rationalize the funding of government corporate audit cost;

WHEREAS, it is necessary to establish a reasonable rate of assessment based on auditing services rendered to government corporations;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. Section 2, first paragraph of Executive Order No. 19 dated June 19, 1986 is hereby amended to read as follows:

“SECTION 2. The cost of audit services rendered to government agencies by the Commission on Audit shall be covered by the fund sources provided in Section 24 of Presidential Decree No. 1445 which shall be incorporated in the national government budget and included in the annual General Appropriations Law; Provided, That in the case of government-owned and/or controlled corporations and its subsidiaries, the cost of audit services shall be based on the actual cost of the audit function in the corporation concerned, plus a reasonable rate to cover overhead expenses. The actual audit cost shall include personal services, maintenance, and other operating expenses, depreciation on capital and equipment and out-of-pocket expenses.”

SECTION 2. In view of the provisions under Section 1 above, Section 20, first paragraph of Presidential Decree No. 1445 shall not apply to government-owned and/or controlled corporations.

SECTION 3. All provisions of the aforementioned Executive Order No. 19 and Presidential Decree No. 1445 not otherwise affected by this amendment shall remain in full force and effect.

SECTION 4. The rules and regulations to implement this Executive Order shall be jointly issued by the Commission on Audit and the Department of Budget and Management.

SECTION 5. This Executive Order shall take effect on January 1, 1987.



Done in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 272**  
**FURTHER AMENDING ARTICLE 125 OF THE REVISED PENAL CODE, AS AMENDED.**

WHEREAS, in the interest of public safety and order, it is imperative that a reasonable and sufficient period be given within which to conduct adequate and thorough investigation of persons detained for some legal grounds;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order

SECTION 1. Article one hundred twenty-five of Act Numbered Three Thousand Eight Hundred Fifteen (Act No. 3815) otherwise known as the Revised Penal Code, as amended, is hereby further amended to read as follows:

“Article 125. Delay in the delivery of detained persons to the proper judicial authorities. The penalties provided in the next preceding article shall be imposed upon the public officer or employee who shall detain any person for some legal ground and shall fail to deliver such persons to the proper judicial authorities within the period of twelve (12) hours, for crimes or offenses punishable by light penalties, or their equivalent; eighteen (18) hours, for crimes or offenses punishable by correctional penalties, or their equivalent, and thirty-six (36) hours, for crimes or offenses punishable by afflictive or capital penalties, or their equivalent.

In every case, the person detained shall be informed of the cause of his detention and shall be allowed, upon his request, to communicate and confer at any time with his attorney or counsel.”

SECTION 2. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 3. This Executive Order shall take effect thirty (30) days following its publication in the Official Gazette.

Done in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 273**

**ADOPTING A VALUE-ADDED TAX, AMENDING FOR THIS PURPOSE CERTAIN PROVISIONS  
OF THE NATIONAL INTERNAL REVENUE CODE, AND FOR OTHER PURPOSES.**

*WHEREAS, there is a need to rationalize the present system of taxing goods and services by imposing a multi-stage value-added tax to replace the tax on original and subsequent sales tax and percentage tax on certain services;*

*WHEREAS, the adoption of the value-added tax is one of the structural reforms provided in the 1986 Tax Reform Program which is designed to simplify tax administration and make the tax system more equitable; and*

*WHEREAS, it is also necessary to amend, revise and renumber the provisions of the National Internal Revenue Code and to transfer the collection of certain taxes as a consequence of this and previous amendments in order to strengthen and improve tax administration and facilitate compliance thereof.*

*NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:*

*SECTION 1. The provisions of Title IV governing excise taxes are hereby transferred to Title VI and replaced with new provisions imposing a value-added tax to read as follows:*

**“TITLE IV VALUE-ADDED TAX**

**“Chapter 1. Imposition of Tax**

**“SECTION 99. Persons liable.** – Any person who, in the course of trade or business, sells, barter or exchanges goods, renders services, or engages in similar transactions and any person who imports goods shall be subject to the value-added tax (VAT) imposed in Sections 100 to 102 of this Code.

**“SEC. 100. Value-added tax on sale of goods.** – (a) Rate and Base of Tax. – There shall be levied, assessed and collected on every sale, barter or exchange of goods, a value-added tax equivalent to 10% of the gross selling price or gross value in money of the goods sold, bartered or exchanged, such tax to be paid by the seller or transferor: Provided, That the following sales by VAT-registered persons shall be subject to 0%:

“(1) export sales; and

“(2) sales to persons or entities whose exemption under special laws or international agreements to which the Philippines is a signatory effectively subjects such sales to zero rate.

“‘Export sales’ means the sale and shipment or exportation of goods from the Philippines to a foreign country, irrespective of any shipping arrangement that may be agreed upon which may influence or determine the transfer of ownership of the goods so exported, or foreign currency denominated sales. ‘Foreign currency denominated sales’ means sales to nonresidents of goods assembled or

manufactured in the Philippines, for delivery to residents in the Philippines and paid for in convertible foreign currency remitted through the banking system in the Philippines.

“(b) Transactions deemed sale. – The following transactions shall be deemed sale;

“(1) Transfer, use, or consumption not in the course of business of goods originally intended for sale or for use in the course of business.

(2) Distribution or transfer to:

(A) shareholders or investors as share in the profits of the VAT-registered person; or

(B) creditors in payment of debt

“(3) Consignment of goods if actual sale is not made within 60 days following the date such goods were consigned.

“(4) Retirement from or cessation of business, with respect to inventories of taxable goods existing as of such retirement or cessation.

“(c) Changes in or cessation of status of a VAT-registered person. – The tax imposed in paragraph (a) of this Section shall also apply to goods disposed of or existing as of a certain date if under circumstances to be prescribed in Regulations to be promulgated by the Secretary of Finance, the status of a person as a VAT-registered person changes or is terminated.

“(d) Determination of the tax. – (1) Tax billed as a separate item in the invoice. – If the tax is billed as a separate item in the invoice, the tax shall be based on the gross selling price, excluding the tax. ‘Gross selling price’ means the total amount of money or its equivalent which the purchaser pays or is obligated to pay to the seller in consideration of the sale, barter or exchange of the goods, excluding the value-added tax. The excise tax, if any, on such goods shall form part of the gross selling price.

“(2) Tax not billed separately or is billed erroneously in the invoice. – In case the tax is not billed separately or is billed erroneously in the invoice, the tax shall be determined by multiplying the gross selling price, including the amount intended by the seller to cover the tax or the tax billed erroneously, by the factor 1/11 or such factor as may be prescribed by regulations in case of persons partially exempt under special laws.

“(3) Sales returns, allowances and sales discounts. – The value of goods sold and subsequently returned or for which allowances were granted by a VAT-registered person may be deducted from the gross sales or receipts for the quarter in which a refund is made or a credit memorandum or refund is issued. Sales discounts granted and indicated in the invoice at the time of sale may be excluded from the gross sales within the same quarter.

“(4) Authority of the Commissioner to determine the appropriate tax base. – The Commissioner shall, by regulations, determine the appropriate tax base in cases where a transaction is deemed a sale, barter or exchange of goods under paragraph (b) hereof, or where the gross selling price is unreasonably lower than the actual market value.

“SEC. 101. Value-added tax on importation of goods. – (a) In general. – There shall be levied, assessed and collected on every importation of goods a value-added tax equivalent to 10% based on the total value used by the Bureau of Customs in determining tariff and customs duties, plus customs duties, excise taxes, if any, and other charges, such tax to be paid by the importer prior to the release of such goods from customs custody: Provided, That where the customs duties are determined on the basis of the quantity or volume of the goods, the value-added tax shall be based on the landed cost plus excise taxes, if any.

“(b) Transfer of goods by tax-exempt persons. – In the case of tax-free importation of goods into the Philippines by persons, entities, or agencies exempt from tax where such goods are subsequently sold, transferred or exchanged in the Philippines to non-exempt persons or entities, the purchasers, transferees or recipients shall be considered the importers thereof who shall be liable for any internal revenue tax on such importation. The tax due on such importation shall constitute a lien on the goods superior to all charges or liens on the goods, irrespective of the possessor thereof.

“SEC. 102. Value-added tax on sale of services. – (a) Rate and base of tax. – There shall be levied, assessed and collected, a value-added tax equivalent to 10% percent of gross receipts derived by any person engaged in the sale of services. The phrase ‘sale of services’ means the performance of all kinds of services for others for a fee, remuneration or consideration, including those performed or rendered by construction and service contractors; stock, real estate, commercial, customs and immigration brokers; lessors of personal property; lessors or distributors of cinematographic films; persons engaged in milling, processing, manufacturing or repacking goods for others; and similar services, regardless of whether or not the performance thereof calls for the exercise or use of the physical or mental faculties: Provided, That the following services performed in the Philippines by VAT-registered persons shall be subject to 0%:

“(1) Processing, manufacturing or repacking goods for other persons doing business outside the Philippines which goods are subsequently exported, where the services are paid for in acceptable foreign currency, inwardly remitted to the Philippines and accounted for in accordance with the rules and regulations of the Central Bank of the Philippines.

“(2) Services other than those mentioned in the preceding sub-paragraph, the consideration for which is paid for in acceptable foreign currency which is remitted inwardly to the Philippines and accounted for in accordance with the rules and regulations of the Central Bank of the Philippines.

“(3) Services rendered to persons or entities whose exemption under special laws or international agreements to which the Philippines is a signatory effectively subjects the supply of such services to zero rate.

“‘Gross receipts’ means the total amount of money or its equivalent representing the contract price, compensation or service fee, including the amount charged for materials supplied with the services and deposits or advance payments actually or constructively received during the taxable quarter for the services performed or to be performed for another person, excluding value-added tax.

“(b) Determination of the tax. – (1) Tax billed as a separate item in the invoice. – If the tax is billed as a separate item in the invoice, the tax shall be based on the gross receipts, excluding the tax.

“(2) Tax not billed separately or is billed erroneously in the invoice. – If the tax is not billed separately or is billed erroneously in the invoice, the tax shall be determined by multiplying the gross receipts (including the amount intended to cover the tax or the tax billed erroneously) by 1/11.

“SEC. 103. Exempt Transactions. – The following shall be exempt from the value-added tax:

“(a) Sale of nonfood agricultural, marine and forest products in their original state by the primary producer or the owner of the land where the same are produced.

“(b) Sale or importation in their original state of agricultural and marine food products; livestock and poultry of a kind generally used as, or yielding or producing food for human consumption; and breeding stock and genetic materials therefor.

“Products classified under this paragraph and paragraph (a) shall be considered in their original state even if they have undergone the simple processes of preparation or preservation for the market,

such as freezing, drying, salting, smoking or stripping. Polished and/or husked rice, corn grits and raw cane sugar shall be considered in their original state for purposes of this paragraph.

“(c) Sale or importation of fertilizers, pesticides and herbicides; chemicals for the formulation of pesticides; seeds, seedlings and fingerlings; fish, animal and poultry feeds; and soya bean and fish meals;

“(d) Sale or importation of petroleum products (except lubricating oil, processed gas, grease, wax and petrolatum) subject to excise tax imposed under Title VI;

“(e) Sale or importation of raw materials to be used by the buyer or importer himself in the manufacture of petroleum products (except lubricating oil and grease) subject to excise tax;

“(f) Printing, publication, importation or sale of books and any newspaper, magazine, review, or bulletin which appears at regular intervals with fixed prices for subscription and sale and which is not devoted principally to the publication of advertisements;

“(g) Importation of passenger and/or cargo vessel of more than ten thousand tons, whether coastwise or ocean-going, including engine and spare parts of said vessel, to be used by the importer himself as operator thereof;

“(h) Importation of personal and household effects belonging to residents of the Philippines returning from abroad and non-resident citizens coming to resettle in the Philippines: Provided, That such goods are exempt from customs duty under the Tariff and Customs Code of the Philippines;

“(i) Importation of professional instruments and implements, wearing apparel, domestic animals, and personal household effects (except any vehicle, vessel, aircraft, machinery, other goods for use in manufacture and merchandise of any kind in commercial quantity) belonging to persons coming to settle for the first time in the Philippines, for their own use and not for sale, barter or exchange, accompanying such persons, or arriving within ninety days before and after their arrival, upon the production of evidence satisfactory to the Commissioner of Internal Revenue, that such persons are actually coming to settle in the Philippines and that the change of residence is bona fide;

“(j) Services rendered by persons subject to percentage tax under Title V;

“(k) Services by agricultural contract growers and milling for others of palay into rice, corn into grits and sugar cane into raw sugar;

Medical, dental, hospital and veterinary services;

“(m) Educational services rendered by private educational institutions, duly accredited by the Department of Education, Culture and Sports, and those rendered by government educational institutions;

“(n) Sale by the artist himself of his works of art, literary works, musical compositions and similar creations, or his services performed for the production of such works;

“(o) Services performed as actors or actresses, talents, singers and emcees; radio and television broadcasters, choreographers; musical, radio, movie, television and stage directors;

Services performed as professional athletes;

Leasing of real property;

“(r) Services performed in the exercise of profession or calling (except customs brokers) subject to the occupation tax under the Local Tax Code, and professional services performed by registered general professional partnerships;

“(s) Services rendered by individuals pursuant to an employer-employee relationship;

“(t) Services rendered by regional or area headquarters established in the Philippines by multinational corporations which act as supervisory, communications and coordinating centers for their affiliates, subsidiaries or branches in the Asia-Pacific Region and do not earn or derive income from the Philippines;

“(u) Transactions which are exempt under special laws or international agreements to which the Philippines is a signatory;

“(v) Export sales by persons who are not VAT-registered; and

“(w) Sales and/or services performed by persons other than those mentioned in the preceding paragraphs whose annual gross sales and/or receipts do not exceed the amount prescribed in regulations to be promulgated by the Secretary of Finance which shall not be less than P100,000 or higher than P500,000.

“SEC. 104. Tax Credits. – (a) Creditable input tax. – Any input tax on the  
(1) purchase or importation of goods:

for sale or for conversion into or intended to form part of a finished product for sale or  
for use in the course of business; or

(B) for use as supplies in the course of business; or

C) for use as materials supplied in the sale of service; or

for use in trade or business for which deduction for depreciation is allowed under Section  
29(f) of this Code;

and

(2) service performed by a VAT-registered person which shall be credited against the output tax payable by the VAT-registered person: Provided, That in the case of domestic purchase of goods or services, the invoice or receipt was issued therefor by a VAT-registered person in a manner prescribed in Section 108.

“A VAT- registered person who is also engaged in transactions not subject to the value-added tax shall be allowed tax credit as follows:

“(A) Total input tax which can be directly attributed to transactions subject  
to value-added tax; and

“(B) A ratable portion of any input tax which cannot be directly attributed  
to either activity.

“‘Input tax’ means the value-added tax paid by a VAT-registered person in the course of his trade or business on importation of goods or local purchases of goods or services from a VAT-registered person. It shall also include the transitional input tax determined in accordance with Section 105 of this Code and other transitional input taxes as prescribed by regulations.

“In case tax exempt products of a pioneer enterprise registered with the BOI as of August 1, 1986 are sold domestically to Value-added tax registered person, the value-added tax otherwise due on such products shall also be considered as input tax creditable against his output tax payable.

“The term ‘output tax’ means the value-added tax due on the sale of taxable goods or services by any person registered or required to register under Section 107 of this Code.

“(b) Excess output or input tax. – If at the end of any taxable quarter the output tax exceeds the input tax, the excess shall be paid by the VAT-registered person. If the input tax exceeds the output tax, the excess shall be carried over to the succeeding quarter or quarters. Any input tax attributable to the purchase of capital goods or to zero-rated sales by a VAT-registered person may at his option be refunded or credited against other internal revenue taxes, subject to the provisions of Sec. 106.

“SEC. 105. Transitional input tax credits. – A person who becomes liable to value-added tax or any person who elects to be a VAT-registered person shall, subject to the filing of an inventory as



prescribed by regulations, be allowed input tax on his beginning inventory of goods, materials and supplies equivalent to 8% of the value of such inventory or the actual value-added tax paid on such goods, materials and supplies, whichever is higher, which shall be creditable against the output tax.

“SEC. 106. Refunds or tax credits of input tax. – (a) Export sales. – An exporter who is a VAT-registered person may, within two years from the date of exportation, apply for the issuance of a tax credit certificate or refund of the input tax attributable to the goods exported, to the extent that such input tax has not been applied to output tax and upon presentation of proof that the foreign exchange proceeds has been accounted for in accordance with the regulations of the Central Bank of the Philippines.

“(b) Zero-rated or effectively zero-rated sales. – Any person, except those covered by paragraph (a) above, whose sales are zero-rated or are effectively zero-rated may, within two years after the close of the quarter when such sales were made, apply for the issuance of a tax credit certificate or refund of the input taxes attributable to such sales to the extent that such input tax has not been applied against output tax.

“(c) Capital goods. – A VAT-registered person may apply for the issuance of a tax credit certificate or refund of input taxes paid on capital goods imported or locally purchased, to the extent that such input taxes have not been applied against output taxes. The application for refund may be made only after the expiration of 2 succeeding quarters following the quarter in which the importation or local purchase was made: Provided, That a VAT-registered person who is just commencing business may apply for refund of input taxes under this paragraph not earlier than 180 days from the date of registration or actual start of business operations, whichever comes later: Provided, however, That the application is filed not later than 2 years from the dates herein prescribed.

“(d) Cancellation of VAT registration. – A person whose registration has been cancelled due to retirement from or cessation of business, or due to changes in or cessation of status under Section 100(c) of this Code may, within 2 years from the date of cancellation, apply for the issuance of a tax credit certificate for any unused input tax which he may use in payment of his other internal revenue taxes.

“(e) Period within which refund of input taxes may be made by the Commissioner. – The Commissioner shall refund input taxes within 60 days from the date the application for refund was filed with him or his duly authorized representative. No refund of input taxes shall be allowed unless the VAT-registered person files an application for refund within the period prescribed in paragraphs (a), (b) and (c), as the case may be.

“(f) Manner of giving refund. – Refunds shall be made upon warrants drawn by the Commissioner or by his duly authorized representative without the necessity of being counter-signed by the Chairman, Commission on Audit, the provisions of the Revised Administrative Code to the contrary notwithstanding: Provided, That refunds under this paragraph shall be subject to post audit by the Commission on Audit.

## “Chapter 2. Compliance Requirements

“SEC. 107. Registration of value-added taxpayers. – (a) In general. – Any person subject to a value-added tax under Sections 100 and 102 of this Code shall register with the appropriate Revenue District Officer. A person who maintains a head or main office and branches in different places shall register with the revenue district office which has jurisdiction over the place where the main or head office is located.



“(b) Persons commencing a business. – Any person who expects to realize gross sales or receipts subject to value-added tax in excess of the amount prescribed by the Secretary of Finance for the next 12-month period from the commencement of the business shall, within 30 days before the start of the said business, register with the Revenue District Officer who has jurisdiction over his principal place of business.

“(c) Persons becoming liable to value-added tax. – Any person whose gross sales or receipts in any 12-month period exceeds the amount prescribed by regulations for exemption from value-added tax shall register within 30 days after the end of the last month of that period, and shall be liable to the value-added tax commencing from the first day of the month following his registration.

“(d) Optional registration of exempt person. – Any person whose transactions are exempt from value-added tax under Section 103 (a), (b), (c), (f), and (w) of this Code, may apply for registration as a VAT-registered person not later than 10 days before the beginning of a taxable quarter.

“A VAT-registered person who is, at the same time, engaged in activities exempted under Section 103(a), (b), (c), and (f) of this Code may register any or all of his exempt activities within the same period provided for in this paragraph.

“In any case, the Commissioner may, for administrative reasons, deny any application for registration.

“For purposes of this Title, any person registered in accordance with the provisions of this section shall be referred to as a ‘VAT-registered person’. Each VAT-registered person shall be assigned only one registration number.

“(e) Cancellation of Registration. – The registration of any person who ceases to be liable to the value-added tax shall be cancelled by the Commissioner upon filing of an application for cancellation of registration. Any person who opted to be registered under paragraph (d) of this section may, under regulations of the Secretary of Finance, apply for cancellation of such registration.

“SEC. 108. Invoicing and accounting requirements for VAT-registered persons. – (a) Invoicing Requirements. – A VAT-registered person shall, for every sale, issue an invoice or receipt. In addition to the information required under Section 238, the following information shall be indicated in the invoice or receipt:

‘(1) The VAT registration number.

“(2) If the seller bills the tax as a separate item in the invoice:

the amount of gross selling price or gross receipts on which the value-added tax is based;  
the amount of value-added tax determined by multiplying the amount of gross selling price or gross receipts by the rate of tax; and  
the sum of (i) the gross selling price or gross receipts and (ii) the value-added tax which the purchaser pays or is obligated to pay to the vendor.

“(3) If the seller elects not to bill the tax as a separate item in the invoice or receipt, the total amount charged against the buyer.

“(b) Accounting requirements. – Notwithstanding the provisions of Section 233, all persons subject to the value-added tax under Sections 100 and 102 shall, in addition to the regular accounting records required, maintain a subsidiary sales journal and subsidiary purchase journal on which the daily sales and purchases are recorded. The subsidiary journals shall contain such information as may be required by the Secretary of Finance.

“SEC. 109. Notification requirements. – (a) Change of place of business. – It shall be the duty of every VAT-registered person to file a notice of change of his principal place of business or any of his branches or offices. Such notification shall be filed within 15 days from the date of such change with the Revenue District Officers who have jurisdiction of his former and new place of business.

“(b) Other changes. – Any person registered in accordance with Section 107 shall notify the Revenue District Officer of the change or termination of his status as a VAT-registered person.

“SEC. 110. Return and payment of value-added tax. – (a) Where to file the return and pay the tax. – Every person subject to value-added tax shall file a quarterly return of his gross sales or receipts and pay the tax due thereon to a bank duly accredited by the Commissioner located in the revenue district where such person is registered or required to be registered. However, in cases where there are no duly accredited agent banks within the city or municipality, the return shall be filed and any amount due shall be paid to any duly accredited bank within the district, or to the Revenue District Officer, Collection Agent or duly authorized Treasurer of the city or municipality where such taxpayer has his principal place of business. Only one consolidated return shall be filed by the taxpayer for all the branches and lines of business subject to value-added tax. If no tax is payable because the amount of input tax and any amount authorized to be offset against the output tax is equal to or is in excess of the output tax due on the return, the taxpayer shall file the return with the Revenue District Officer, Collection Agent or authorized municipal treasurer where the taxpayer’s principal place of business is located.

“(b) Time for filing of return and payment of tax. – The return shall be filed and the tax paid within 20 days following the end of each quarter specifically prescribed for a VAT-registered person under regulations to be promulgated by the Secretary of Finance: Provided, however, That any person whose registration is cancelled in accordance with paragraph (e) of Section 107 shall file a return within 20 days from the cancellation of such registration.

“(c) Initial returns. – The Commissioner may prescribe an initial taxable period for any VAT-registered person for his first return, which in no case shall exceed 5 months.

“SEC. 111. Power of the commissioner to suspend the business operations of a taxpayer. – The Commissioner or his authorized representative is hereby empowered to suspend the business operations and temporarily close the business establishment of any person for any of the following violations:

“(a) In the case of a VAT-registered person

“(1) Failure to issue receipts or invoices.

“(2) Failure to file a value-added tax return as required under Section 110.

“(3) Understatement of taxable sales or receipts by 30% or more of his correct taxable sales or receipt for the taxable quarter.

Failure of any person to register as required under Section 107.

“The temporary closure of the establishment shall be for a duration of not less than five (5) days and shall be lifted only upon compliance with whatever requirements prescribed by the Commissioner in the closure order.”

*SEC. 2. A new section, to be known as Section 112 of the National Internal Revenue Code, is hereby provided under Title V imposing a percentage tax on persons exempt from value-added tax to read as follows:*

“SEC. 112. Tax on persons exempt from value-added tax (VAT). – Any person whose sales or receipts are exempt under Section 103 (w) of this Code from payment of the value-added tax and who is not a VAT-registered person shall pay a tax equivalent to two (2) percent of his gross quarterly sales or receipts.”

*SEC. 3. Section 6 of the National Internal Revenue Code is hereby amended to read as follows:*

“SEC. 6. Agents and deputies for collection of national internal revenue taxes. – The following are hereby constituted agents of the Commissioner of Internal Revenue:

The Commissioner of Customs and his subordinates with respect to the collection of national internal revenue taxes on imported goods;

“(b) The head of the appropriate government office and his subordinates with respect to the collection of energy tax; and

“(c) Banks duly accredited by the Commissioner with respect to receipt of payments of internal revenue taxes authorized to be made thru banks.

“Any officer or employee of a duly accredited bank assigned to receive internal revenue tax payments and transmit tax returns or documents to the Bureau of Internal Revenue shall be subject to the same sanctions and penalties prescribed in Sections 268 and 269 of this Code.”

*SEC. 4. Section 16 of the National Internal Revenue Code is hereby amended to read as follows:*

“SEC. 16. Power of the Commissioner to make assessment and prescribe additional requirements for tax administration and enforcement.

“(a) Examination of returns and determination of tax. – After a return is filed as required under the provisions of this Code, the Commissioner shall examine it and assess the correct amount of tax. The tax or deficiency tax so assessed shall be paid upon notice and demand from the Commissioner. Any return, statement or declaration filed in any office authorized to receive the same shall not be withdrawn: Provided, That the same may be modified or changed by filing an amended return, statement or declaration.

“(b) Failure to submit required returns, statements, reports and other documents. – When a report required by law as a basis for the assessment of any national internal revenue tax shall not be forthcoming within the time fixed by law or regulation or when there is reason to believe that any such report is false, incomplete or erroneous, the Commissioner shall assess the proper tax on the best evidence obtainable.

“In case a person fails to file a required return or other document at the time prescribed by law, or wilfully or otherwise files a false or fraudulent return or other document, the Commissioner shall make or amend the return from his own knowledge and from such information as he can obtain through testimony or otherwise, which shall be prima facie correct and sufficient for all legal purposes.

“(c) Authority to conduct inventory-taking, surveillance and to prescribe presumptive gross sales and receipts. – The Commissioner may, at any time during the taxable year, order an inventory-taking of goods of any taxpayer as a basis for determining his internal revenue tax liabilities, or may place the business operations of any person, natural or juridical, under observation or surveillance if there is reason to believe that such person is not declaring his correct income, sales or receipts for internal revenue tax purposes. The findings may be used as the basis for assessing the taxes for the other

months or quarters of the same or different taxable years and such assessment shall be deemed *prima facie* correct.

“When it is found that a person has failed to issue receipts and invoices in violation of the requirements of Sections 108 and 238 of this Code, or when there is reason to believe that the books of accounts or other records do not correctly reflect the declarations made or to be made in a return required to be filed under the provisions of this Code, the Commissioner, after taking into account the sales, receipts, income or other taxable base of other persons engaged in similar businesses under similar situations or circumstances or after considering other relevant information, may prescribe a minimum amount of such gross receipts, sales, and taxable base, and such amount so prescribed shall be *prima facie* correct for purposes of determining the internal revenue tax liabilities of such person.

“(d) Authority to terminate taxable period. – When it shall come to the knowledge of the Commissioner that a taxpayer is retiring from any business subject to tax or intends to leave the Philippines, or remove his property therefrom, or hide or conceal his property, or perform any act tending to obstruct the proceedings for the collection of the tax for the past or current quarter or year, or render the same totally or partly ineffective unless such proceedings are begun immediately, the Commissioner shall declare the tax period of such taxpayer terminated at any time and shall send the taxpayer a notice of such decision, together with a request for the immediate payment of the tax for the period so declared terminated and the tax for the preceding year or quarter, or such portion thereof as may be unpaid, and said taxes shall be due and payable immediately and shall be subject to all the penalties hereafter prescribed, unless paid within the time fixed in the demand made by the Commissioner.

“(e) Authority of the Commissioner to prescribe real property values. – The Commissioner is hereby authorized to divide the Philippines into different zones or areas and shall, upon consultation with competent appraisers both from the private and public sectors, determine the fair market value of real properties located in each zone or area. For purposes of computing any internal revenue tax, the value of the property shall be whichever is the higher of:

“(1) the fair market value as determined by the Commissioner; or

“(2) the fair market value as shown in the schedule of values of the Provincial and City Assessors.

“(f) Authority of the Commissioner to inquire into bank deposit accounts. – The provisions of Republic Act No. 1405 to the contrary notwithstanding, the Commissioner is hereby authorized to inquire into the bank deposits of a decedent for the purpose of determining the gross estate of such decedent.

“In case a taxpayer offers to compromise the payment of his tax liabilities on the ground that his financial position demonstrates a clear inability to pay the tax assessed, his offer shall not be considered unless he waives his privilege under the said law and such waiver shall serve as authority of the Commissioner to inquire into the bank deposits of said taxpayer.

“(g) Authority to accredit and register tax agents. – The Commissioner may require prior accreditation and registration, based on competence and moral fitness, of persons and general professional partnerships or their representatives in the preparation and filing of required tax returns, statements, reports, memoranda, or in appearing or in filing protests or papers with the Bureau for the taxpayers. For this purpose, the Commissioner is empowered to create national and regional

accreditation boards, to designate from among the ranks of senior officials of the Bureau, one chairman and two members in each board and to issue the necessary rules and regulations subject to the approval of the Secretary of Finance.

“(h) Authority of the Commissioner to prescribe additional procedural or documentary requirements. – The Commissioner may prescribe the manner of compliance with any documentary or procedural requirements in connection with the submission or preparation of financial statements accompanying the tax returns.”

*SEC. 5. Section 226 of the National Internal Revenue Code is hereby renumbered and amended to read as follows:*

“SEC. 122. Tax on agents of foreign insurance companies. – Every fire, marine, or miscellaneous insurance agent authorized under the Insurance Code to procure policies of insurance as he may have previously been legally authorized to transact on risks located in the Philippines for companies not authorized to transact business in the Philippines shall pay a tax equal to twice the tax imposed in Section 121: Provided, That the provisions of this section shall not apply to reinsurance: Provided, however, That the provisions of this section shall not affect the right of an owner of property to apply for and obtain for himself policies in foreign companies in cases where said owner does not make use of the services of any agent, company, or corporation residing or doing business in the Philippines. In all cases where owners of property obtain insurance directly with foreign companies, it shall be the duty of said owners to report to the Insurance Commissioner and to the Commissioner of Internal Revenue each case where insurance has been so effected, and shall pay the tax of five per cent on premiums paid, in the manner required by Section 121.”

*SEC. 6. Section 162 of the National Internal Revenue Code is hereby renumbered and amended to read as follows:*

“SEC. 125. Returns and payment of percentage taxes. – (a) Return of gross sales, receipts or earnings and payment of tax. –

“(1) Persons liable to pay percentage taxes. – Every person subject to the percentage taxes imposed under this Title shall file a quarterly return of the amount of his gross sales, receipts, or earnings and pay the tax due thereon within 20 days after the end of each taxable quarter: Provided, That in the case of a person whose VAT-registration is cancelled and who becomes liable to the tax imposed in Section 112 of this Code, the tax shall accrue from the date of cancellation and shall be paid in accordance with the provisions of this Section.

“(2) Person retiring from business. – Any person retiring from a business subject to percentage tax shall notify the nearest internal revenue officer, file his return and pay the tax due thereon within twenty days after closing his business.

“(3) Exceptions. – The Commissioner may, by regulations prescribe:

“(A) The time for filing the return at intervals other than the time prescribed in the preceding paragraphs for a particular class or classes of taxpayers after considering such factors as volume of sales, financial condition, adequate measures of security; and such other relevant information required to be submitted under the pertinent provisions of this Code; and

“(B) The manner and time of payment of percentage taxes other than as hereinabove prescribed, including a scheme of tax prepayment.

“(4) Determination of correct sales or receipts. – When it is found that a person has failed to issue receipts or invoices, or when no return is filed, or when there is reason to believe that the books of accounts or other records do not correctly reflect the declarations made or to be made in a return required to be filed under the provisions of this Code, the Commissioner, after taking into account the sales, receipts or other taxable base of other persons engaged in similar businesses under similar situations or circumstances, or after considering other relevant information, may prescribe a minimum amount of such gross receipts, sales and taxable base and such amount so prescribed shall be prima facie correct for purposes of determining the internal revenue tax liabilities of such person.

“(b) Where to file. – Every person liable to the percentage tax under this Title may, at his option, file a separate return for each branch or place of business or a consolidated return for all branches or places of business with the Revenue District Officer, Collection agent or duly authorized Treasurer of the City or Municipality where said business or principal place of business is located, as the case may be.”

*SEC. 7. Section 109 of the National Internal Revenue Code is hereby renumbered and amended to read as follows:*

“SEC. 126. Goods subject to excise taxes. – Excise taxes apply to goods manufactured or produced in the Philippines for domestic sale or consumption or for any other disposition and to things imported. The excise tax imposed herein shall be in addition to the value-added tax imposed under Title IV.

“For purposes of this Title, excise taxes herein imposed and based on weight or volume capacity or any other physical unit of measurement shall be referred to as ‘specific tax’ and an excise tax herein imposed and based on selling price or other specified value of the good shall be referred to as ‘ad valorem tax’”.

*SEC. 8. Section 110 of the National Internal Revenue Code is hereby renumbered and amended to read as follows:*

“SEC. 127. Payment of excise taxes on domestic products. – (a) Persons liable; time for payment. – Unless otherwise especially allowed, excise taxes on domestic products shall be paid by the manufacturer or producer before removal from the place of production: Provided, That the excise tax on locally manufactured petroleum products and indigenous petroleum levied under Sections 145 and 151(a)(4), respectively, of this Title shall be paid within 15 days from the date of removal thereof from the place of production. Should domestic products be removed from the place of production without the payment of the tax, the owner or person having possession thereof shall be liable for the tax due thereon.

“(b) Determination of gross selling price of goods subject to ad valorem tax. – Unless otherwise provided, the price, excluding the value-added tax, at which the goods are sold at wholesale in the place of production or through their sales agents to the public shall constitute the gross selling price. If the manufacturer also sells or allows such goods to be sold at wholesale in another establishment of which he is the owner or in the profits at which he has an interest, the wholesale price in such establishment shall constitute the gross selling price. Should such price be less than the cost of manufacture plus



expenses incurred until the goods are finally sold, then a proportionate margin of profit, not less than 10% of such manufacturing cost and expenses, shall be added to constitute the gross selling price.

“(c) Manufacturer’s or producer’s sworn statement. – Every manufacturer or producer of goods or products subject to excise taxes shall file with the Commissioner on the date or dates designated by the latter, and as often as may be required, a sworn statement showing among other information, the different goods or products manufactured or produced and their corresponding gross selling price or market value, together with the cost of manufacture or production plus expenses incurred or to be incurred until the goods or products are finally sold.

“(d) Credit for excise tax on goods actually exported. – When goods locally produced or manufactured are removed and actually exported without returning to the Philippines, whether so exported in their original state or as ingredients or parts of any manufactured goods or products, any excise tax paid thereon shall be credited or refunded upon submission of the proof of actual exportation and upon receipt of the corresponding foreign exchange payment: Provided, That the excise tax on mineral products, except coal and coke, imposed under Section 151, shall not be creditable or refundable even if the mineral products are actually exported.”

*SEC. 9. Section 121 of the National Internal Revenue Code is hereby renumbered and amended to read as follows:*

“SEC. 138. Distilled spirits. – On distilled spirits, there shall be collected, subject to the provisions of Section 130 of this Code, specific taxes as follows:

“(a) If produced from sap of nipa, coconut, cassava, camote or buri palm or from the juice, syrup or sugar of the cane, provided such materials are produced commercially in the country where they are processed into distilled spirits, per proof liter, three pesos and twenty centavos: Provided, That if produced in a pot still or other similar primary distilling apparatus by a distiller producing not more than 100 liters a day, containing not more than fifty percent of alcohol by volume, per proof liter, one peso;

“(b) If produced from raw materials other than those enumerated in the preceding paragraph, per proof liter, twenty-five pesos; and

“(c) Medicinal preparations, flavoring extracts, and all other preparations, except toilet preparations, of which, excluding water, distilled spirits form the chief ingredient, shall be subject to the same tax as such chief ingredient.

“This tax shall be proportionally increased for any strength of the spirits taxed over proof spirits, and the tax shall attach to this substance as soon as it is in existence as such, whether it be subsequently separated as pure or impure spirits, or transformed into any other substance either in the process of original production or by any subsequent process.

“‘Spirits or distilled spirits’ is the substance known as ethyl alcohol, ethanol or spirits of wine, including all dilutions, purifications and mixtures thereof, from whatever sources by whatever process produced and shall include whisky, brandy, rum, gin and vodka, and other similar products or mixtures.

“‘Proof spirits’ is liquor containing 1/2 of its volume of alcohol of a specific gravity of seven thousand nine hundred and thirty-nine ten thousand (0.7939) at fifteen degrees centigrade. A proof liter means a liter of proof spirits.”

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*SEC. 10. Section 123 of the National Internal Revenue Code is hereby renumbered and amended to read as follows:*

“SEC. 139. Wines. – On wines, there shall be collected per liter of volume capacity, the following taxes:

Sparkling wines regardless of proof, sixteen pesos;

Still wines containing fourteen percent of alcohol by volume or less, one peso; and

“(c) Still wines containing more than fourteen percent of alcohol by volume, four pesos;

“Fortified wines containing more than twenty-five percent of alcohol by volume shall be taxed as distilled spirits. Fortified wines shall mean natural wines to which distilled spirits are added to increase their alcoholic strength”

*SEC. 11. Section 124 of the National Internal Revenue Code is hereby renumbered and amended to read as follows:*

“SEC. 140. Fermented liquor. – There shall be levied, assessed and collected an ad valorem tax equivalent to thirty-seven percent (37%) of the brewer’s wholesale price, excluding the ad valorem tax imposed under this section and the value added tax imposed under Title IV, on beer, lager beer, ale, porter and other fermented liquors except tuba, basi, tapuy and similar domestic fermented liquors, but in no case shall the sum total of the ad valorem tax and value-added tax be less than P1.00 per regular 320 ml. bottle.”

*SEC. 12. Section 126 of the National Internal Revenue Code is hereby renumbered and amended to read as follows:*

“SEC. 142. Cigar and cigarettes – (a) Cigars. – There shall be levied, assessed and collected on cigars an ad valorem tax of five percent (5%) of the manufacturer’s or importer’s registered wholesale price.

“(b) Cigarettes packed in thirties. – There shall be levied, assessed and collected on cigarettes packed in thirties an ad valorem tax of fifteen percent (15%) of the manufacturer’s registered wholesale price.

“(c) Cigarettes packed in twenties. – There shall be levied, assessed and collected on cigarettes packed on twenties an ad valorem tax at the rates prescribed below based on the manufacturer’s registered wholesale price:

“(1) On locally manufactured cigarettes bearing a foreign brand, fifty percent (50%): Provided, That this rate shall apply regardless of whether or not the right to use or title to the foreign brand was sold or transferred by its owner to the local manufacturer. Whenever it has to be determined whether or not a cigarette bears a foreign brand, the listing of brands manufactured in foreign countries appearing in the current World Tobacco Directory shall govern.

“(2) On other locally manufactured cigarettes, forty percent (40%).

“Duly registered or existing brands of cigarettes packed in twenties shall not be allowed to be packed in thirties.

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“When the existing registered wholesale price, including tax, of cigarettes packed in twenties does not exceed P3.60 per pack, the rate for the cigarettes packed in thirties shall apply.

“(d) Imported cigarettes. – If the cigarettes are of foreign manufacture, regardless of the contents per pack, there shall be levied, assessed and collected an ad valorem tax of sixty-five percent (65%) of the importer’s wholesale price.

“For purposes of this section, ‘manufacturer’s or importer’s registered wholesale price’ shall include the ad valorem tax imposed in paragraphs (a), (b), (c) or (d) hereof and the amount intended to cover the value-added tax imposed under Title IV of this Code.”

*SEC. 13. Section 128 of the National Internal Revenue Code is hereby renumbered and amended to read as follows:*

“SEC. 145. Manufactured oils and other fuels. – There shall be collected on refined and manufactured mineral oils and motor fuels, the following excise taxes which shall attach to the goods hereunder enumerated as soon as they are in existence as such:

“(a) For products subject to specific tax only

“(1) Lubricating oils and greases including but not limited to basestock for lube oils and greases, high vacuum distillates, aromatic extracts and other similar preparations, and additives for lubricating oils and greases whether such additives are petroleum based or not, per liter of volume capacity, four pesos and fifty centavos (P4.50): Provided, however, That the excise taxes paid on the purchased feedstock (bunker) used in the manufacture of excisable articles and forming part thereof shall be credited against the excise tax due therefrom: Provided, further, That lubricating oils and greases produced from basestocks and additives on which the specific tax has already been paid, shall no longer be subject to specific tax;

“(2) Processed gas, per liter of volume capacity, five centavos;

“(3) Waxes and petrolatum per kilogram, three pesos and fifty centavos; and

“(4) On denatured alcohol to be used for motive power, per liter of volume capacity, five centavos: Provided, That unless otherwise provided by special laws, if the denatured alcohol is mixed with gasoline, the excise tax on which has already been paid, only the alcohol content shall be subject to the tax herein prescribed. For purposes of this subsection, the removal of denatured alcohol of not less than one hundred eighty degrees proof (ninety percent absolute alcohol) shall be deemed to have been removed for motive power, unless shown otherwise.

For products subject to ad valorem tax only:

		<u>AD VALOREM</u>
		<u>TAX RATE</u>
“(1)	Naphtha, gasoline and other similar products of distillation; and aviation turbo jet fuel .....	48%
“(2)	Fuel oil, commercially known as diesel fuel oil, and on similar fuel oils having more or less the same generating power; kerosene; liquified petroleum gas; asphalts; and thinners .....	24%
	Fuel oil, commercially known as bunker fuel and on similar fuel oils having more or less the same generating power .....	0%

“The ad valorem tax imposed in this paragraph shall be based on the company take or netback on the product as approved by the Energy Regulatory Board including the said ad valorem tax.”

*SEC. 14. Section 135 of the National Internal Revenue Code is hereby renumbered and amended to read as follows:*

“SEC. 148. Saccharine. – There shall be collected on saccharine, sodium saccharine and all its derivatives on salts of saccharine and other artificial sweetening agents, a tax of sixty pesos (P60) per kilogram.”

*SEC. 15. Section 135-A of the National Internal Revenue Code is hereby renumbered and amended to read as follows:*

“SEC. 149. Automobiles. – There shall be levied, assessed and collected an ad valorem tax on automobiles based on the manufacturer’s or importer’s selling price; net of excise and value-added tax, in accordance with the following schedule:

“Engine displacement (in cc)

<u>Gasoline</u>	<u>Diesel</u>	<u>Tax Rate</u>
“up to 1600	up to 1800	15%
“1601 to 2000	1801 to 2300	35%
“2001 to 2700	2301 to 3000	50%
“2701 or Over	3001 or over	100%

Provided, That in the case of imported automobiles not for sale, the tax imposed herein shall be based on the total value used by the Bureau of Customs in determining tariff and customs duties, including customs duty and all other charges, plus (10%) of the total thereof.

*SEC. 16. Paragraphs (1)(a), (b) and (g) of Section 163 of the National Internal Revenue Code are hereby renumbered and amended to read as follows:*

“SEC. 150. Non-essential goods. – There shall be levied, assessed and collected a tax equivalent to 20% based on the wholesale price or the value of importation used by the Bureau of Customs in determining tariff and customs duties; net of excise tax and value-added tax, of the following goods:

“(a) All goods commonly or commercially known as jewelry, whether real or imitation, pearls, precious and semi-precious stones and imitations thereof; goods made of, or ornamented, mounted or fitted with, precious metals or imitations thereof or ivory (not including surgical and dental instruments, silver-plated wares, frames or mountings for spectacles or eyeglasses, and dental gold or gold alloys and other precious metals used in filling, mounting or fitting of the teeth); opera glasses and lorgnettes. The term ‘precious metals’ shall include platinum, gold, silver, and other metals of similar or greater value. The terms ‘imitations thereof’ shall include platings and alloys of such metals;

“(b) Perfumes and toilet waters;

“(c) Yachts and other vessels intended for pleasure or sports.”

*SEC. 17. Sections 129 and 132; Paragraph (b) of Section 216, Sections 217, 218 and 219 of the National Internal Revenue Code are hereby integrated, renumbered and amended to read as follows:*

“SEC. 151. Mineral products. – (a) Rates of tax. – There shall be levied, assessed and collected on mineral, mineral products and quarry resources, excise tax as follows:

“(1) On coal and coke, a tax of ten pesos (P10.00) per metric ton.

“(2) On all non-metallic minerals and quarry resources, a tax of three percent (3%) based on the actual market value of the annual gross output thereof at the time of removal, in the case of those locally extracted or produced; or the value used by the Bureau of Customs in determining tariff and customs duties, net of excise tax and value-added tax in the case of importation.

“(3) On all metallic minerals, a tax of five percent (5%) based on the actual market value of the gross output thereof at the time of removal, in the case of those locally extracted or produced; or the value used by the Bureau of Customs in determining tariff and customs duties, net of excise tax and value-added tax, in the case of importation.

“(4) On indigenous petroleum, a tax of twenty-two percent (22%) of the fair international market price thereof, on the first taxable sale, such tax to be paid by the buyer or purchaser within 15 days from the date of actual or constructive delivery to the said buyer or purchaser. The phrase ‘first taxable sale, barter, exchange or similar transaction’ means the transfer of indigenous petroleum in its original state to a first taxable transferee. The fair international market price shall be determined in consultation with an appropriate government agency.

“For the purpose of this subsection, ‘indigenous petroleum’ shall include locally extracted mineral oil, hydrocarbon gas, bitumen, crude asphalt, mineral gas and all other similar or naturally associated substances with the exception of coal, peat, bituminous shale and/or stratified mineral deposits.

“(b) For purposes of this section, the term

“(1) ‘Gross output’ shall be interpreted as the actual market value of minerals or mineral products, or of bullion from each mine or mineral lands operated as a separate entity without any deduction from mining, milling, refining, (including all expenses incurred to prepare the said minerals or mineral products in a marketable state) as well as transporting, handling, marketing, or any other expenses: Provided, That if the minerals or mineral products are sold or consigned abroad by the lessee or owner of the mine under C.I.F. terms, the actual cost of ocean freight and insurance shall be deducted: Provided, however, That in the case of mineral concentrate not traded in commodity exchanges in the Philippines or abroad such as copper concentrate, the actual market value shall be the world price quotations of the refined mineral products content thereof prevailing in the said commodity exchanges, after deducting the smelting, refining and other charges incurred in the process of converting the mineral concentrates into refined metal traded in those commodity exchanges.

“(2) ‘Minerals’ shall mean all naturally occurring inorganic substances (found in nature) whether in solid, liquid or gaseous, or any intermediate state

“(3) ‘Mineral products’ shall mean things produced and prepared in a marketable state by simple treatment processes such as washing or drying, but without undergoing any chemical change or process or manufacturing by the lessee, concessionaire or owner of mineral lands.

“(4) ‘Quarry resources’ shall mean any common stone or other common mineral substances as the Director of the Bureau of Mines and Geo-Sciences may declare to be quarry resources such as but not restricted to marl, marble, granite, volcanic cinders, basalt, tuff and rock phosphate: Provided, That they contain no metal or metals or other valuable minerals in economically workable quantities.

“(c) Time, manner and place of payment of excise tax on mineral and mineral products. – Unless otherwise provided, the excise tax on minerals and mineral products shall be due and payable upon removal of the minerals or mineral products or quarry resources from the locality where mined or upon removal from customs custody in the case of importations.

“Any person liable to pay the excise tax on locally produced or extracted mineral, mineral products or quarry resources shall, before removal of such products file, in duplicate, a return setting forth the quantity and the actual market value of the mineral or mineral products to be removed and pay the excise taxes due thereon to the Collection Agent, or the Treasurer of the city or municipality of the place where the mine is located except as herein below provided.

“However, the output of the mine may be removed from such locality without the prepayment of such excise taxes if the lessee, owner, or operator of the mining claim shall file a bond in the form and amount and with such sureties as the Commissioner may require, conditioned upon the payment of such excise taxes. It shall be the duty of every lessee, owner or operator to make a true and complete return in duplicate setting forth the quantity and the actual market value of the minerals or mineral products or quarry resources removed during such calendar quarter, of the balance, if any, in cases where payments are made upon removal, and pay the excise taxes due thereon within 20 days after the end of such quarter to the Collection Agent, or the Treasurer of the city or municipality of the place where the mine is located.

“In the case of indigenous petroleum, the tax due thereon shall be paid by the buyer or purchaser within 15 days from the date of actual or constructive delivery to the said buyer or purchaser.”

*SEC. 18. Section 141 of the National Internal Revenue Code is hereby renumbered and amended to read as follows:*

“SEC. 157. Removal of articles after payment of tax. – When the tax has been paid on articles or products subject to excise tax the same shall not thereafter be stored or permitted to remain in the distillery, distillery warehouse, bonded warehouse, or other factory or place where produced. However, upon prior permit from the Commissioner, oil refineries and/or companies may store or deposit tax-paid petroleum products and commingle the same with its own bonded products. Imported petroleum products may be allowed to be withdrawn from customs custody without the prepayment of excise tax which products may be commingled with the tax-paid or bonded products of the importer himself after securing a prior permit from the Commissioner of Internal Revenue: Provided, That withdrawals shall be taxed and accounted for on a ‘first-in, first-out’ basis.”

*SEC. 19. Section 180 of the National Internal Revenue Code is hereby renumbered and amended to read as follows:*

SEC. 237. Registration of name or style with the revenue district officer or collection agent. – Every person, other than persons required to be registered under the provisions of Section 107, engaged in any business shall, or on before the commencement of his business, or whenever he transfers to another revenue district, register with the revenue district officer concerned within 10 days from commencement of business or transfer. In cities or municipalities where no revenue district officer is stationed, such person shall register with the collection agent. The registration shall contain his name or style, place of residence, business, the place where such business is carried on, and such other information as may be required by the Commissioner in the form prescribed therefor. In case of a firm, the names and residences of the various persons constituting the same shall also be registered.

The Commissioner, after taking into consideration the volume of sales, financial condition and other relevant factors, may require the registrant to guarantee the payment of his taxes by way of advance payment, or the posting or filing of a security, guarantee or collateral acceptable to the Commissioner.”

*SEC. 20. Section 181 of the National Internal Revenue Code is hereby renumbered and amended to read as follows:*

“SEC. 238. Issuance of receipts or sales or commercial invoices. – All persons, subject to an internal revenue tax shall for each sale or transfer of merchandise or for services rendered valued at P25 or more, issue receipts or sales or commercial invoices, prepared at least in duplicate, showing the date of transaction, quantity, unit cost and description of merchandise or nature of service: Provided, That in the case of sales, receipts or transfers in the amount of P100 or more, or, regardless of amount, where the sale or transfer is made by persons subject to value-added tax to other persons also subject to value-added tax; or, where the receipt is issued to cover payment made as rentals, commissions, compensations or fees, receipts or invoices shall be issued which shall show the name, business style, if any, and address of the purchaser, customer, or client. The original of each receipt or invoice shall be issued to the purchaser, customer or client at the time the transaction is effected, who, if engaged in business or in the exercise of profession, shall keep and preserve the same in his place of business for a period of 3 years from the close of the taxable year in which such invoice or receipt was issued, while the duplicate shall be kept and preserved by the issuer, also in his place of business, for a like period.

“The Commissioner may, in meritorious cases, exempt any person subject to an internal revenue tax from compliance with the provisions of this section.”

*SEC. 21. Sections 122, 130, 134; Sections 157 to 161, inclusive, paragraphs (1)(c) to (f), inclusive, and (h) to (q); and paragraphs (2) to (4) of Section 163; Sections 164 to 170, inclusive; Sections 174, 176, 179; Sections 215; paragraph (a) of Section 216; Sections 222, 224 and 225, Sections 230 to 238, inclusive, Sections 241, 279, 280, 297, 323 and 324 all of the National Internal Revenue Code are hereby repealed.*

*SEC. 22. The imposition of occupation fee and rentals provided in Sections 215 and 216 (a) respectively, of the National Internal Revenue Code shall henceforth be collected by the municipality or city where the mining claim is situated. The disposition of the collection shall continue to be in accordance with the provisions of said Sections 215 and 216 (a).*

*The entire provisions of Chapter V, Title VIII of the National Internal Revenue Code governing the charges on forest products, including Section 297 of the same Code are hereby transferred to and shall form part of Presidential Decree No. 705, as amended, otherwise known as the Revised Forestry Code of the Philippines. All references to the Bureau of Internal Revenue, Commissioner of Internal Revenue and Ministry of Finance in the said Chapter V shall henceforth refer to the Forest Management Bureau, Director of Forest Management Bureau and Secretary of Environment and Natural Resources, respectively.*

*SEC. 23. The following sections of the National Internal Revenue Code and all references thereto are hereby renumbered as follows:*

<u>Present Number</u>	<u>New Number</u>
Section 27	Section 26
Section 28	Section 27
Section 29	Section 28

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<i>Section 30</i>	<i>Section 29</i>
<i>Section 31</i>	<i>Section 30</i>
<i>Section 32</i>	<i>Section 31</i>
<i>Section 33</i>	<i>Section 32</i>
<i>Section 34</i>	<i>Section 33</i>
<i>Section 35</i>	<i>Section 34</i>
<i>Section 36</i>	<i>Section 35</i>
<i>Section 37</i>	<i>Section 36</i>
<i>Section 38</i>	<i>Section 37</i>
<i>Section 39</i>	<i>Section 38</i>
<i>Section 40</i>	<i>Section 39</i>
<i>Section 41</i>	<i>Section 40</i>
<i>Section 42</i>	<i>Section 41</i>
<i>Section 43</i>	<i>Section 42</i>
<i>Section 44</i>	<i>Section 43</i>
<i>Section 45</i>	<i>Section 44</i>
<i>Section 46</i>	<i>Section 45</i>
<i>Section 47</i>	<i>Section 46</i>
<i>Section 48</i>	<i>Section 47</i>
<i>Section 49</i>	<i>Section 48</i>
<i>Section 50</i>	<i>Section 49</i>
<i>Section 51</i>	<i>Section 50</i>
<i>Section 52</i>	<i>Section 51</i>
<i>Section 53</i>	<i>Section 52</i>
<i>Section 54</i>	<i>Section 53</i>
<i>Section 55</i>	<i>Section 54</i>
<i>Section 56</i>	<i>Section 55</i>
<i>Section 57</i>	<i>Section 56</i>
<i>Section 58</i>	<i>Section 57</i>
<i>Section 59</i>	<i>Section 58</i>
<i>Section 60</i>	<i>Section 59</i>
<i>Section 70</i>	<i>Section 60</i>
<i>Section 71</i>	<i>Section 61</i>
<i>Section 72</i>	<i>Section 62</i>
<i>Section 73</i>	<i>Section 63</i>
<i>Section 74</i>	<i>Section 64</i>
<i>Section 75</i>	<i>Section 65</i>
<i>Section 76</i>	<i>Section 66</i>
<i>Section 77</i>	<i>Section 67</i>
<i>Section 78</i>	<i>Section 68</i>
<i>Section 79</i>	<i>Section 69</i>
<i>Section 80</i>	<i>Section 70</i>
<i>Section 81</i>	<i>Section 71</i>
<i>Section 82</i>	<i>Section 72</i>
<i>Section 83</i>	<i>Section 73</i>

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<i>Section 84</i>	<i>Section 74</i>
<i>Section 85</i>	<i>Section 75</i>
<i>Section 86</i>	<i>Section 76</i>
<i>Section 87</i>	<i>Section 77</i>
<i>Section 88</i>	<i>Section 78</i>
<i>Section 89</i>	<i>Section 79</i>
<i>Section 90</i>	<i>Section 80</i>
<i>Section 91</i>	<i>Section 81</i>
<i>Section 92</i>	<i>Section 82</i>
<i>Section 93</i>	<i>Section 83</i>
<i>Section 94</i>	<i>Section 84</i>
<i>Section 95</i>	<i>Section 85</i>
<i>Section 96</i>	<i>Section 86</i>
<i>Section 97</i>	<i>Section 87</i>
<i>Section 98</i>	<i>Section 88</i>
<i>Section 99</i>	<i>Section 89</i>
<i>Section 100</i>	<i>Section 90</i>
<i>Section 101</i>	<i>Section 91</i>
<i>Section 102</i>	<i>Section 92</i>
<i>Section 103</i>	<i>Section 93</i>
<i>Section 104</i>	<i>Section 94</i>
<i>Section 105</i>	<i>Section 95</i>
<i>Section 106</i>	<i>Section 96</i>
<i>Section 107</i>	<i>Section 97</i>
<i>Section 108</i>	<i>Section 98</i>
<i>Section 171</i>	<i>Section 113</i>
<i>Section 172</i>	<i>Section 114</i>
<i>Section 173</i>	<i>Section 115</i>
<i>Section 175</i>	<i>Section 116</i>
<i>Section 227</i>	<i>Section 117</i>
<i>Section 240</i>	<i>Section 118</i>
<i>Section 220</i>	<i>Section 119</i>
<i>Section 221</i>	<i>Section 120</i>
<i>Section 223</i>	<i>Section 121</i>
<i>Section 226</i>	<i>Section 122</i>
<i>Section 228</i>	<i>Section 123</i>
<i>Section 229</i>	<i>Section 124</i>
<i>Section 162</i>	<i>Section 125</i>
<i>Section 109</i>	<i>Section 126</i>
<i>Section 110</i>	<i>Section 127</i>
<i>Section 111</i>	<i>Section 128</i>
<i>Section 112</i>	<i>Section 129</i>
<i>Section 113</i>	<i>Section 130</i>
<i>Section 114</i>	<i>Section 131</i>
<i>Section 115</i>	<i>Section 132</i>

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<i>Section 116</i>	<i>Section 133</i>
<i>Section 117</i>	<i>Section 134</i>
<i>Section 118</i>	<i>Section 135</i>
<i>Section 119</i>	<i>Section 136</i>
<i>Section 120</i>	<i>Section 137</i>
<i>Section 121</i>	<i>Section 138</i>
<i>Section 123</i>	<i>Section 139</i>
<i>Section 124</i>	<i>Section 140</i>
<i>Section 125</i>	<i>Section 141</i>
<i>Section 126</i>	<i>Section 142</i>
<i>Section 239</i>	<i>Section 143</i>
<i>Section 127</i>	<i>Section 144</i>
<i>Section 128</i>	<i>Section 145</i>
<i>Section 131</i>	<i>Section 146</i>
<i>Section 133</i>	<i>Section 147</i>
<i>Section 135</i>	<i>Section 148</i>
<i>Section 135-A</i>	<i>Section 149</i>
<i>Section 163(1) (a), (b) and (g)</i>	<i>Section 150</i>
<i>Section 129, 132, 216 (b), 217, 218, &amp; 219</i>	<i>Section 151</i>
<i>Section 136</i>	<i>Section 152</i>
<i>Section 137</i>	<i>Section 153</i>
<i>Section 138</i>	<i>Section 154</i>
<i>Section 139</i>	<i>Section 155</i>
<i>Section 140</i>	<i>Section 156</i>
<i>Section 141</i>	<i>Section 157</i>
<i>Section 142</i>	<i>Section 158</i>
<i>Section 143</i>	<i>Section 159</i>
<i>Section 144</i>	<i>Section 160</i>
<i>Section 145</i>	<i>Section 161</i>
<i>Section 146</i>	<i>Section 162</i>
<i>Section 147</i>	<i>Section 163</i>
<i>Section 148</i>	<i>Section 164</i>
<i>Section 149</i>	<i>Section 165</i>
<i>Section 150</i>	<i>Section 166</i>
<i>Section 151</i>	<i>Section 167</i>
<i>Section 152</i>	<i>Section 168</i>
<i>Section 153</i>	<i>Section 169</i>
<i>Section 154</i>	<i>Section 170</i>
<i>Section 155</i>	<i>Section 171</i>
<i>Section 156</i>	<i>Section 172</i>
<i>Section 186</i>	<i>Section 173</i>
<i>Section 187</i>	<i>Section 174</i>
<i>Section 188</i>	<i>Section 175</i>
<i>Section 189</i>	<i>Section 176</i>
<i>Section 190</i>	<i>Section 177</i>

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<i>Section 191</i>	<i>Section 178</i>
<i>Section 192</i>	<i>Section 179</i>
<i>Section 193</i>	<i>Section 180</i>
<i>Section 194</i>	<i>Section 181</i>
<i>Section 195</i>	<i>Section 182</i>
<i>Section 196</i>	<i>Section 183</i>
<i>Section 197</i>	<i>Section 184</i>
<i>Section 198</i>	<i>Section 185</i>
<i>Section 199</i>	<i>Section 186</i>
<i>Section 200</i>	<i>Section 187</i>
<i>Section 201</i>	<i>Section 188</i>
<i>Section 202</i>	<i>Section 189</i>
<i>Section 203</i>	<i>Section 190</i>
<i>Section 204</i>	<i>Section 191</i>
<i>Section 205</i>	<i>Section 192</i>
<i>Section 206</i>	<i>Section 193</i>
<i>Section 207</i>	<i>Section 194</i>
<i>Section 208</i>	<i>Section 195</i>
<i>Section 209</i>	<i>Section 196</i>
<i>Section 210</i>	<i>Section 197</i>
<i>Section 211</i>	<i>Section 198</i>
<i>Section 212</i>	<i>Section 199</i>
<i>Section 213</i>	<i>Section 200</i>
<i>Section 214</i>	<i>Section 201</i>
<i>Section 264</i>	<i>Section 202</i>
<i>Section 268</i>	<i>Section 203</i>
<i>Section 246</i>	<i>Section 204</i>
<i>Section 253</i>	<i>Section 205</i>
<i>Section 254</i>	<i>Section 206</i>
<i>Section 255</i>	<i>Section 207</i>
<i>Section 256</i>	<i>Section 208</i>
<i>Section 257</i>	<i>Section 209</i>
<i>Section 258</i>	<i>Section 210</i>
<i>Section 259</i>	<i>Section 211</i>
<i>Section 260</i>	<i>Section 212</i>
<i>Section 261</i>	<i>Section 213</i>
<i>Section 262</i>	<i>Section 214</i>
<i>Section 263</i>	<i>Section 215</i>
<i>Section 265</i>	<i>Section 216</i>
<i>Section 266</i>	<i>Section 217</i>
<i>Section 267</i>	<i>Section 218</i>
<i>Section 242</i>	<i>Section 219</i>
<i>Section 252</i>	<i>Section 220</i>
<i>Section 245</i>	<i>Section 221</i>
<i>Section 248</i>	<i>Section 222</i>

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<i>Section 269</i>	<i>Section 223</i>
<i>Section 271</i>	<i>Section 224</i>
<i>Section 249</i>	<i>Section 225</i>
<i>Section 250</i>	<i>Section 226</i>
<i>Section 251</i>	<i>Section 227</i>
<i>Section 247</i>	<i>Section 228</i>
<i>Section 270</i>	<i>Section 229</i>
<i>Section 243</i>	<i>Section 230</i>
<i>Section 244</i>	<i>Section 231</i>
<i>Section 272</i>	<i>Section 232</i>
<i>Section 273</i>	<i>Section 233</i>
<i>Section 274</i>	<i>Section 234</i>
<i>Section 275</i>	<i>Section 235</i>
<i>Section 276</i>	<i>Section 236</i>
<i>Section 180</i>	<i>Section 237</i>
<i>Section 181</i>	<i>Section 238</i>
<i>Section 182</i>	<i>Section 239</i>
<i>Section 183</i>	<i>Section 240</i>
<i>Section 184</i>	<i>Section 241</i>
<i>Section 185</i>	<i>Section 242</i>
<i>Section 177</i>	<i>Section 243</i>
<i>Section 178</i>	<i>Section 244</i>
<i>Section 277</i>	<i>Section 245</i>
<i>Section 278</i>	<i>Section 246</i>
<i>Section 281</i>	<i>Section 247</i>
<i>Section 282</i>	<i>Section 248</i>
<i>Section 283</i>	<i>Section 249</i>
<i>Section 284</i>	<i>Section 250</i>
<i>Section 285</i>	<i>Section 251</i>
<i>Section 286</i>	<i>Section 252</i>
<i>Section 287</i>	<i>Section 253</i>
<i>Section 288</i>	<i>Section 254</i>
<i>Section 289</i>	<i>Section 255</i>
<i>Section 290</i>	<i>Section 256</i>
<i>Section 291</i>	<i>Section 257</i>
<i>Section 292</i>	<i>Section 258</i>
<i>Section 293</i>	<i>Section 259</i>
<i>Section 294</i>	<i>Section 260</i>
<i>Section 295</i>	<i>Section 261</i>
<i>Section 296</i>	<i>Section 262</i>
<i>Section 298</i>	<i>Section 263</i>
<i>Section 299</i>	<i>Section 264</i>
<i>Section 300</i>	<i>Section 265</i>
<i>Section 301</i>	<i>Section 266</i>
<i>Section 302</i>	<i>Section 267</i>

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<i>Section 303</i>	<i>Section 268</i>
<i>Section 304</i>	<i>Section 269</i>
<i>Section 305</i>	<i>Section 270</i>
<i>Section 306</i>	<i>Section 271</i>
<i>Section 307</i>	<i>Section 272</i>
<i>Section 308</i>	<i>Section 273</i>
<i>Section 309</i>	<i>Section 274</i>
<i>Section 310</i>	<i>Section 275</i>
<i>Section 311</i>	<i>Section 276</i>
<i>Section 312</i>	<i>Section 277</i>
<i>Section 313</i>	<i>Section 278</i>
<i>Section 314</i>	<i>Section 279</i>
<i>Section 315</i>	<i>Section 280</i>
<i>Section 316</i>	<i>Section 281</i>
<i>Section 319</i>	<i>Section 282</i>
<i>Section 320</i>	<i>Section 283</i>
<i>Section 321</i>	<i>Section 284</i>
<i>Section 317</i>	<i>Section 285</i>
<i>Section 318</i>	<i>Section 286</i>
<i>Section 322</i>	<i>Section 287</i>

SEC. 24. *The provisions of the National Internal Revenue Code as renumbered under this Executive Order are hereby rearranged according to the following Titles:*

<u>Title</u>	<u>Chapter</u>	<u>Part</u>	<u>Sections Contained</u>
Title I Organization & Function of Bureau			Sections 1 to 19
Title II Tax on Income			
	Chapter 1	–	Section 20
	Chapter 2	–	Sections 21 to 23
	Chapter 3	–	Sections 24 to 26
	Chapter 4	–	Sections 27 to 36
	Chapter 5	–	Sections 37 to 43
	Chapter 6	–	Sections 44 to 52
	Chapter 7	–	Sections 53 to 59
	Chapter 8	–	Sections 60 to 66
	Chapter 9	–	Sections 67 to 70
	Chapter 10	–	Sections 71 to 76
Title III. Tax on Transfer of Property			
	Chapter 1	–	Sections 77 to 90
	Chapter 2	–	Sections 91 to 98
Title IV. Value-Added Tax			
	Chapter 1	–	Sections 99 to 106
	Chapter 2	–	Sections 107 to 111
Title V. Other Percentage Taxes			Sections 112 to 125

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*Title VI. Excise Taxes on Certain Goods*

<i>Chapter 1</i>	–	<i>Sections 126 to 129</i>
<i>Chapter 2</i>	–	<i>Sections 130 to 137</i>
<i>Chapter 3</i>	–	<i>Sections 138 to 140</i>
<i>Chapter 4</i>	–	<i>Sections 141 to 144</i>
<i>Chapter 5</i>	–	<i>Section 145</i>
<i>Chapter 6</i>	–	<i>Sections 146 to 150</i>
<i>Chapter 7</i>	–	<i>Section 151</i>
<i>Chapter 8</i>	–	<i>Sections 152 to 172</i>

*Title VII. Documentary Stamp Tax*

*Sections 173 to 201*

*Title VIII. Remedies*

<i>Chapter 1</i>	–	<i>Sections 202 to 204</i>
<i>Chapter 2</i>	–	<i>Sections 205 to 228</i>
<i>Chapter 3</i>	–	<i>Sections 229 to 231</i>

*Title IX. Compliance Requirements*

<i>Chapter 1</i>	–	<i>Sections 232 to 236</i>
<i>Chapter 2</i>	–	<i>Sections 237 to 244</i>
<i>Chapter 3</i>	–	<i>Sections 245 to 246</i>

*Title X Statutory Offenses & Penalties*

<i>Chapter 1</i>	–	<i>Sections 247 to 251</i>
<i>Chapter 2</i>	–	<i>Sections 252 to 267</i>
<i>Chapter 3</i>	–	<i>Sections 268 to 272</i>
<i>Chapter 4</i>	–	<i>Sections 273 to 281</i>

*Title XI. Allotment of Internal Revenue*

<i>Chapter 1</i>	<i>Sections 282 to 284</i>
<i>Chapter 2</i>	<i>Sections 285 to 286</i>

*Title XII. Repealing Provisions*

<i>Chapter 1</i>	<i>Section 287</i>
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*SEC. 25. – Transitory provisions. – (a) All VAT-registered persons shall be allowed transitional input taxes which can be credited against output tax in the same manner as provided in Section 104 of the National Internal Revenue Code as follows:*

- 1) The balance of the deferred sales tax credit account as of December 31, 1987 which are accounted for in accordance with regulations prescribed therefor;*
- 2) A presumptive input tax equivalent to 8% of the value of the inventory as of December 31, 1987 of materials and supplies which are not for sale, the tax on which was not taken up or claimed as deferred sales tax credit; and*
- 3) A presumptive input tax equivalent to 8% of the value of the inventory as of December 31, 1987 of goods for sale, the tax on which was not taken up or claimed as deferred sales tax credit.*

*Tax credit prescribed in paragraphs (2) and (3) above shall be allowed only to a VAT-registered person who files an inventory of the goods referred to in said paragraphs as provided in regulations.*

*(b) Any unused tax credit certificate issued prior to January 1, 1988 for excess tax credits which are applicable against advance sales tax shall be surrendered to, and replaced by the Commissioner with new tax credit certificates which can be used in payment for value-added tax liabilities.*

*(c) Any person already engaged in business whose gross sales or receipts for a 12-month period from September 1, 1986 to August 1, 1987, exceed the amount of P200,000, or any person who has been in business for less than 12 months as of August 31, 1987 but expects his gross sales or receipts to exceed P200,000 on or before December 31, 1987, shall apply for registration on or before October 29, 1987.*

SEC. 26. *The funds needed to carry out the provisions of this Executive Order shall be drawn from the appropriations authorized for the Bureau of Internal Revenue for CY 1987. Any deficiency shall be covered by the contingency fund provided by the current General Appropriations Act. For CY 1988 and thereafter, such sums shall be included in the annual General Appropriations Act.*

SEC. 27. *The Secretary of Finance, upon recommendation of the Commissioner of Internal Revenue, shall promulgate the rules and regulations to effectively implement this Executive Order.*

SEC. 28. *The Commissioner of Internal Revenue shall codify and consolidate all internal revenue laws embodied in the present National Internal Revenue Code, as amended by various Executive Orders, and other issuances, and cause the publication thereof.*

SEC. 29. *The provisions of any law, whether general or special, rules and regulations and other issuances or parts thereof which are inconsistent with this Order are hereby repealed, amended or modified accordingly.*

SEC. 30. *This order shall take effect on January 1, 1988: Provided, That the provisions of Section 25 (c) hereof shall take effect immediately upon approval of this Order.*

DONE in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO  
President of the Philippines

By the President  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 274**  
**CREATING THE PRESIDENTIAL COUNCIL FOR YOUTH AFFAIRS**  
**AND FOR OTHER PURPOSES**

WHEREAS, it is State policy, under Section 13, Article II of the 1987 Constitution that “The State recognizes the vital role of the youth in nation-building and shall promote and protect their physical, moral, spiritual, intellectual, and social well-being. It shall inculcate in the youth patriotism and nationalism, and encourage their involvement in public and civic affairs;”

WHEREAS, in pursuance of the aforesaid policy, there is a need to establish an office which shall serve as a direct link of the youth to the government in policy and programs formulation and implementation addressed to their needs;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. There is hereby created the Presidential Council for Youth Affairs, hereinafter referred to as the Council, under the Office of the President.

SECTION 2. The Council shall be composed of a Chairman and four (4) members to be appointed by the President. The Council members shall be at least twenty-one (21) years of age, but not older than thirty (30) years of age. The Council members must be of good moral character, must not have been convicted of any crime involving moral turpitude, and must have occupied a position of responsibility and leadership in established youth organizations. The Chairman and members shall serve at the pleasure of the President

SECTION 3. The Council shall have the following functions and responsibilities

- (a) To recommend to the Office of the President, youth development projects and programs, in coordination and consultation with the youth sector and the concerned government departments and agencies;
- (b) To communicate and consult with the proper government department, on matters within the specific department’s areas of interest and concern;
- (c) To set-up a consultative mechanism which shall provide a forum for continuing dialogue between the government and the youth sector on the proper planning and evaluation of programs and projects affecting the youth;
- (d) To conduct research and studies on youth related matters and concerns;
- (e) To participate in international functions requiring youth participation and implement foreign-sponsored youth projects, endorsed and assigned to it by the Office of the President;
- (f) To facilitate and coordinate the implementation in the Philippines of international youth programs, endorsed and assigned to it by the Office of the President;
- (g) To review existing legislation, policies and programs of the government relating to the youth, in consultation with the latter, and recommend appropriate action thereon;
- (h) To request the assistance and recommendations of any department, agency, or office in the performance of its duties;
- (i) Establish and endorse the organizational structure and staffing patterns of the Council to the President.

- (j) Appoint the necessary administrative and subordinate personnel, subject to the provisions of existing laws and regulations;
- (k) Suspend, dismiss, or otherwise discipline for cause any employee, and/or to approve or disapprove the appointment, transfer or detail of employees, subject to the provisions of existing laws and regulations;
- (l) Approve and submit to the Office of the President, reports on the progress and accomplishments of the Council's programs, and the annual and supplemental budgets of the Council;
- (m) To perform such other functions as may be authorized by the President.

SECTION 4. The President shall appoint a Chief Executive Officer for the Council, upon the recommendation of the Council and who shall be answerable to the Council members, and shall exercise the following functions:

- (a) To implement the policies, programs and decisions of the Council;
- (b) To supervise the operations and internal affairs of the Council, in close coordination with the Council members;
- (c) To attend to the administrative and technical needs of the Council;
- (d) To maintain the organizational structure and staffing patterns of the Council, in close coordination with the Council members;
- (e) To provide the Council with periodic reports on the performance and accomplishments of the Council projects and programs, as well as to recommend allocations of resources for such programs;
- (f) To recommend the annual and supplemental budgets of the Council office, for consideration and approval by the Council members;
- (g) To perform such other functions as may be authorized by the Council.

SECTION 5. The Kabataang Barangay National Secretariat, created under Executive Order No. 841, dated October 28, 1982, the Youth Development Affairs, and the Secretariat on Youth Affairs are hereby abolished.

There is hereby created a committee to oversee and supervise the winding up of the Kabataang Barangay National Secretariat and the disposition of its assets, properties, records and equipment. The Committee shall be chaired by the Presidential Council for Youth Affairs Chairman, and shall be composed of the representatives of the Department of Education, Culture and Sports (DECS), the Dept. of Social Welfare and Development (DSWD), the Dept. of Local Governments (DLG), and the National Manpower and Youth Council (NMYC).

The appropriations, funds, properties, assets, records, equipment and personnel of the Youth Development Affairs and the Secretariat on Youth Affairs are hereby transferred to the Council. The functions and remaining assets, properties, records, and equipment of the defunct Philippine Commission on International Youth Year (PCIYY) are transferred to the Council.

The amounts herein transferred shall be availed of by the Council for its current operating expenses. Therefore, its approved budget shall be included in the General Appropriations Act.

SECTION 6. All laws, orders, issuances, rules, and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 7. This Executive Order shall take effect immediately.

Done in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(SGD.) CORAZON C. AQUINO  
President of the Philippines

By the President  
SGD.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.



MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 275**

**PROVIDING FOR THE GRADUAL AND ORDERLY DISSOLUTION OF ALL PARAMILITARY UNITS, INCLUDING THE CIVILIAN HOME DEFENSE FORCES, AND FOR OTHER PURPOSES**

WHEREAS, Article XVIII, Section 24, of the 1987 Constitution mandates that: “[A]ll paramilitary forces including Civilian Home Defense Forces not consistent with the citizen armed force established in this Constitution, shall be dissolved or, where appropriate, converted into the regular force”; and

WHEREAS, to address the aforesaid Constitutional mandate within the framework of our national security policies, a gradual and orderly dissolution of the Civilian Home Defense Force must be provided;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. All paramilitary units, including the Civilian Home Defense Forces, shall be dissolved within one hundred eighty (180) days from the effectivity of this Executive Order.

SECTION 2. The Secretary of National Defense shall supervise the dissolution of all paramilitary units and cause the orderly turn-over of all government properties in the possession of this paramilitary units to the appropriate units of the Armed Forces of the Philippines.

SECTION 3. All government offices including the Armed Forces of the Philippines are encouraged to give priority consideration to qualified personnel of the paramilitary units dissolved under this Executive Order in the hiring of new or additional employees.

SECTION 4. Bonafide members of formerly authorized paramilitary units shall be given the equivalent of two months allowance, subject to the availability of funds.

SECTION 5. The budgetary appropriations for the Civilian Home Defense Forces Program are hereby converted into the Citizen Armed Forces Program.

SECTION 6. The Secretary of National Defense shall promulgate the necessary rules and regulations to implement this Executive Order.

SECTION 7. Presidential Decree No. 1016, as amended, is hereby repealed. All laws, orders, issuances, rules, and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 8. This Executive Order shall take effect after thirty (30) days following the completion of its publication either in the Official Gazette or in a newspaper of general circulation in the Philippines.

Done in the City of Manila, this 15th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 276**  
**AMENDING REPUBLIC ACT NO. 1700, OTHERWISE KNOWN AS THE**  
**ANTI-SUBVERSION ACT**

WHEREAS, the government and the people are aware that public safety continues to require a degree of capability on the part of the government to deal adequately with elements who persist in endeavoring to destabilize and ultimately overthrow the government by force, violence, deceit, subversion or other illegal means, and to supplant and substitute the existing political, social, economic and legal order with an entirely new one whose form of government, systems of laws, concepts of individual rights and precepts are based on teaching and beliefs other than the democratic form of government;

WHEREAS, the Government had exerted every effort to effect reconciliation among the rebel elements, on the one hand, and the government, on the other, but these efforts have been frustrated by the intransigence of these rebel elements who have instead intensified ambushes, raids, killings, arms snatching, illegal taxation and other terrorist activities resulting in the loss of lives and serious injuries to government officials and military/INP personnel and innocent civilians and untold hardship to the Filipino people, notable to which are the extortions on lowly farmers and small businessman and the spate of killing of policeman and soldiers in Metropolitan Manila and its environs by members of the Sparrow Units of the New People's Army;

WHEREAS, for the effective campaign against insurgency and criminality, it is imperative to provide strong legal measures in support of the Armed Forces of the Philippines and law-enforcement agencies;

WHEREAS, Executive Order No. 167 has restored to force and effect Republic Act No. 1700 as the law on subversion; and

WHEREAS, in order to effectively carry out the Government's program to adequately neutralize the threat of communist insurgency and to contain the massive liquidation and assassination of public servants and civilians, there is need to amend the provisions of Republic Act No. 1700 in order to make them practical, timely and truly efficacious;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order the amendment of Republic Act No. 1700 as follows:

SECTION 1. Section 2 is hereby amended to read as follows:

“SEC. 2. The Congress hereby declares the Communist Party of the Philippines to be an organized conspiracy to overthrow the Government of the Republic of the Philippines by force, violence, deceit, subversion or other illegal means. The said party and any other organization having the same purpose and their successors are hereby declared illegal and outlawed.”

SEC. 2. Section 3 is hereby amended to read as follows:

“SEC. 3. As used in this Act, the term ‘Communist Party of the Philippines’ shall mean and include the organizations now known as the Communist Party of the Philippines (CPP), its military arm, the New People’s Army (NPA), and its political arm, and any successors of such organizations.”

SEC 3 Section 4 is hereby amended to read as follows:

“SEC. 4. After approval of this Act, whoever knowingly, wilfully and by overt acts affiliates himself with, becomes or remains a member of the Communist Party of the Philippines, and/or its successor or of any subversive association as defined in sections two and three hereof shall be punished by the penalty of arresto mayor and shall be disqualified permanently from holding any public office, appointive and elective, and from exercising the right to vote; in case of a second conviction, the principal penalty shall be prision correccional, and in all subsequent convictions the penalty of prision mayor shall be imposed; and any alien convicted under this Act shall be deported immediately after he shall have served the sentence imposed upon him: Provided, That if such member is an officer or a ranking leader of the Communist Party of the Philippines or of any subversive association as defined in sections two and three hereof, or if such member takes up arms against the Government, he shall be punished by prision mayor to reclusion perpetua with all the accessory penalties provided therefor in the Revised Penal Code: And provided, finally, That one who conspires with any other person to overthrow the Government of the Republic of the Philippines or the government of any of its political subdivisions by force, violence, deceit, subversion or other illegal means, shall be punished by prision correccional to prision mayor with all the accessory penalties provided therefor in the same Code.”

SEC. 4. Section 5 of Republic Act No. 1700 is hereby repealed.

SEC. 5. Section 7 is hereby amended to read as follows:

“SEC. 7. No person shall be convicted of any of the offenses penalized herein with prision mayor to reclusion perpetua unless on the testimony of at least two witnesses to the same overt act or on confession of the accused in open court.”

SEC. 6. This Executive Order shall take effect immediately.

Done in the City of Manila, this 15th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 277**

AMENDING SECTION 68 OF PRESIDENTIAL DECREE (P.D.) NO. 705, AS AMENDED,  
OTHERWISE KNOWN AS THE REVISED FORESTRY CODE OF THE PHILIPPINES,  
FOR THE PURPOSE OF PENALIZING POSSESSION OF TIMBER OR OTHER FOREST  
PRODUCTS WITHOUT THE LEGAL DOCUMENTS REQUIRED BY EXISTING FOREST  
LAWS, AUTHORIZING THE CONFISCATION OF ILLEGALLY CUT, GATHERED, REMOVED  
AND POSSESSED FOREST PRODUCTS, AND GRANTING REWARDS TO INFORMERS OF  
VIOLATIONS OF FORESTRY LAWS, RULES AND REGULATIONS.

WHEREAS, there is an urgency to conserve the remaining forest resources of the country for the benefit and welfare of the present and future generations of Filipinos;

WHEREAS, our forest resources may be effectively conserved and protected through the vigilant enforcement and implementation of our forestry laws, rules and regulations

WHEREAS, the implementation of our forest laws suffers from technical difficulties, due to certain inadequacies in the penal provisions of the Revised Forestry Code of the Philippines; and

WHEREAS, to overcome these difficulties, there is a need to penalize certain acts to make our forestry laws more responsive to present situations and realities;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. Section 68 of Presidential Decree (P.D.) No. 705, as amended, is hereby amended to read as follows:

“Section 68. Cutting, Gathering and/or collecting Timber or Other Forest Products Without License. – Any person who shall cut, gather, collect, remove timber or other forest products from any forest land, or timber from alienable or disposable public land, or from private land, without any authority, or possess timber or other forest products without the legal documents as required under existing forest laws and regulations, shall be punished with the penalties imposed under Articles 309 and 310 of the Revised Penal Code: Provided, That in the case of partnerships, associations, or corporations, the officers who ordered the cutting, gathering, collection or possession shall be liable, and if such officers are aliens, they shall, in addition to the penalty, be deported without further proceedings on the part of the Commission on Immigration and Deportation.

“The Court shall further order the confiscation in favor of the government of the timber or any forest products cut, gathered, collected, removed, or possessed, as well as the machinery, equipment, implements and tools illegally used in the area where the timber or forest products are found.”

SECTION 2. Presidential Decree No. 705, as amended, is hereby further amended by adding Sections 68-A and 68-B which shall read as follows:

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“Section 68-A. Administrative Authority of the Department Head or His Duly Authorized Representative to Order Confiscation. In all cases of violations of this Code or other forest laws, rules and regulations, the Department Head or his duly authorized representative, may order the confiscation of any forest products illegally cut, gathered, removed, or possessed or abandoned, and all conveyances used either by land, water or air in the commission of the offense and to dispose of the same in accordance with pertinent laws, regulations or policies on the matter.

“Section 68-B. Rewards to Informants. Any person who shall provide any information leading to the apprehension and conviction of any offender for any violation of this Code or other forest laws, rules and regulations, or confiscation of forest products shall, be given a reward in the amount of twenty per centum (20%) of the proceeds of the confiscated forest products.”

SECTION 3. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly

SECTION 4. This Executive Order shall take effect after fifteen days following its publication either in the Official Gazette or in a newspaper of general circulation in the Philippines.

Done in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). [*Executive Order Nos.: 171 - 390*]. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 278**  
**PRESCRIBING THE INTERIM PROCEDURES IN THE PROCESSING AND APPROVAL OF**  
**APPLICATIONS FOR THE DEVELOPMENT OR UTILIZATION OF FORESTLANDS**  
**AND/OR FOREST RESOURCES.**

WHEREAS, the 1987 Constitution places the development or utilization of our forestlands and/or forest resources under the full control and supervision of the State and allows the State to enter into co-production, joint-venture, or production-sharing agreements with Filipino citizens, or corporations, or associations, at least sixty percentum (60%) of whose capital is owned by such citizens;

WHEREAS, there are presently issued forest permits, licenses, leases or grants, in relation to which the grantees have already made huge investments in terms of money and equipment;

WHEREAS, there are presently pending applications for such forest permits, licenses or leases, which ought to be given immediate consideration; and

WHEREAS, the forest-based industry is a major contributor to the national economy, and therefore, the development or utilization of the country's forestlands and/or forest resources is necessary to accelerate economic recovery;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of powers vested in me by the Constitution, do hereby order:

SECTION 1. Applications for the development or utilization of forestlands and/or forest resources may be accepted and processed, provided that applications for timber licenses for commercial purposes shall be governed by Section 4 hereof.

SECTION 2. The processing, evaluation and approval of all the applications provided for under Section 1 shall be governed by the Presidential Decree No. 705, as amended, other existing forestry laws, orders and issuances, and their implementing rules and regulations: Provided, however, That the privileges granted, as well as the terms and conditions thereof shall be subject to any and all modifications or alterations which Congress may adopt, pursuant to Section 2, Article XII of the 1987 Constitution.

SECTION 3. Unless Congress provides otherwise, existing and currently recognized forest permits, licenses and leases issued by the Department of Environment and Natural Resources, shall continue and remain in full force and effect, subject to the same terms and conditions as originally granted and/or approved.

SECTION 4. Until Congress otherwise provides, the Secretary of the Department of Environment and Natural Resources is hereby authorized to negotiate and enter into, for and in behalf of the Government, joint venture, co-production or production-sharing agreements for the development or utilization of forestlands and/or forest resources with any Filipino citizen, or corporation, or association, at least sixty percentum (60%) of whose capital is owned by Filipino citizens. Such agreements may be for a period not exceeding twenty-five years, renewable for not more than twenty-five years, and shall conform with and include the minimum terms and conditions prescribed in Section 5 hereof.



SECTION 5. Unless Congress otherwise provides, the following minimum terms and conditions shall be incorporated in the co-production, joint venture, or production-sharing agreement:

- A provision that the agreement-holder shall furnish the necessary management, technology, and financial services when required, as determined by the Secretary of Environment and Natural Resources;
- (b) A stipulated share of revenues and the manner of payment thereof;
  - Provision on consultation and arbitration with respect to the interpretation of the agreement;
  - A provision for anti-pollution and environmental protection measures;
  - A provision for the restoration and protection of the forest;
  - A provision for an effective monitoring scheme to be implemented by the Department which shall include, but shall not be limited to the periodic inspection of all records and books of account of the agreement-holder;
- (g) A commitment to community development; and
- (h) The submission of a management and development plan to be approved by the Secretary of Environment and Natural Resources.

SECTION 6. The Secretary of the Department of Environment and Natural Resources shall promulgate the rules and regulations necessary to implement effectively the provisions of this Executive Order.

SECTION 7. If any provision of this Executive Order is held unconstitutional, the other provisions shall not be affected.

SECTION 8. All laws, decrees, orders, and other issuances or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 9. This Executive Order shall take effect immediately.

Done in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 279**

**AUTHORIZING THE SECRETARY OF ENVIRONMENT AND NATURAL RESOURCES TO NEGOTIATE AND CONCLUDE JOINT VENTURE, CO-PRODUCTION, OR PRODUCTION-SHARING AGREEMENTS FOR THE EXPLORATION, DEVELOPMENT AND UTILIZATION OF MINERAL RESOURCES, AND PRESCRIBING THE GUIDELINES FOR SUCH AGREEMENTS AND THOSE AGREEMENTS INVOLVING TECHNICAL OR FINANCIAL ASSISTANCE BY FOREIGN-OWNED CORPORATIONS FOR LARGE-SCALE EXPLORATION, DEVELOPMENT, AND UTILIZATION OF MINERALS**

WHEREAS, Section 2 of Article XII of the 1987 Constitution provides that the exploration, development and utilization of natural resources shall be under the full control and supervision of the State, and that the State may directly undertake such activities, or may enter into co-production, joint venture, or production-sharing agreements with Filipino citizens, or corporations, or associations at least sixty percentum (60%) of whose capital is owned by such citizens, which agreements may be for a period not exceeding twenty-five years, renewable for not more than twenty-five years, and under such terms and conditions as may be provided by law;

WHEREAS, Section 2, Article XII of the 1987 Constitution further provides that the President may enter into agreements with foreign-owned corporations involving either technical or financial assistance for large-scale exploration, development, and utilization of minerals, petroleum, and other mineral oils according to the general terms and conditions provided by law;

WHEREAS, there are existing and expected proposals from interested parties, including foreign-owned corporations, for agreements involving the exploration, development and utilization of minerals that require immediate consideration to encourage investment in the mining industry which plays a pivotal role in the economic development of the country; and

WHEREAS, in order to enable the Government to consider and conclude such agreements, it is necessary in the national interest to provide the legal basis and authority as well as the general guidelines and framework for entering into such contracts or agreements envisioned by Section 2, Article XII of the 1987 Constitution until Congress shall enact a more comprehensive legislation on the subject;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. The Secretary of the Department of Environment and Natural Resources (hereinafter referred to as "the Secretary") is hereby authorized to negotiate and enter into, for and in behalf of the Government, joint venture, co-production, or production-sharing agreements for the exploration, development, and utilization of mineral resources with any Filipino citizen, or corporation or association at least sixty percent (60%) of whose capital is owned by Filipino citizens. Such joint venture, co-production, or production-sharing agreements may be for a period not exceeding twenty-five years, renewable for not more than twenty-five years, and shall include the minimum terms and conditions prescribed in Section 2 hereof. In the execution of a joint venture, co-production, or production-sharing agreement, the contracting parties, including the Government, may consolidate two

or more contiguous and geologically related mining claims or leases and consider them as one contract area for purposes of determining the subject of the joint venture, co-production, or production-sharing agreement.

SEC. 2. The following minimum terms and conditions shall be incorporated in the co-production, joint venture or production-sharing agreement: (a) all the necessary management, technology and financial services to be furnished by the contractor; (b) the use of local goods and services to the maximum extent practicable, must be given preference; (c) a condition that the contractor shall not require title to the contract area; (d) the stipulated share in revenues and manner of payment thereof; (e) a period of exploration not exceeding two (2) years from date of the agreement, extendible for another two (2) years; (f) a period of utilization including development which shall not exceed twenty-five (25) years, subject to renewal for another period not exceeding twenty-five (25) years under same the terms and conditions; (g) obligatory relinquishment of portions of the contract area after the exploration period which are not needed for utilization and development; (h) work program and minimum expenditure commitment for the exploration period; (i) provision on consultation and arbitration with respect to interpretation and implementation of the agreement; (j) employment and training of Filipino personnel; (k) industrial safety and anti-pollution measures; (l) restoration and/or protection of the environment; (m) transfer of technology to the Government or local mining company; (n) a stipulation that all data and information gathered by the contractor shall be furnished to the Bureau of Mines and Geo-Sciences and that all books of accounts and records shall be open to inspection; (o) commitment to community development; (p) such other terms and conditions not inconsistent with the Constitution and existing laws, as the Secretary may deem to be in the best interest of the Government.

SEC. 3. Any contract or agreement which may be entered into by the Secretary pursuant to Sections 1 and 2 hereof shall be subject to the approval of the President.

SEC. 4. The Secretary is further hereby authorized to accept, consider and evaluate proposals from foreign-owned corporations or foreign investors for contracts or agreements involving either technical or financial assistance for large-scale exploration, development, and utilization of minerals, which, upon appropriate recommendation of the Secretary, the President may execute with the foreign proponent. In entering into such proposals, the President shall principally consider the real contributions to the economic growth and general welfare of the country that will be realized, as well as the development and use of local scientific and technical resources that will be promoted by the proposed contract or agreement. Until Congress shall determine otherwise, large-scale mining, for purpose of this Section, shall mean those proposals for contracts or agreements for mineral resources exploration, development, and utilization involving a committed capital investment in a single mining unit project of at least Fifty Million Dollars in United States currency (US \$50,000,000.00).

SEC. 5. Any contract or agreement entered into by the President pursuant to Section 4 hereof shall be reported to Congress by the Executive Secretary on behalf of the President within thirty (30) days from its execution.

SEC. 6. The Secretary shall promulgate such supplementary rules and regulations as may be necessary to effectively implement the provisions of this Executive Order.

SEC. 7. All provisions of Presidential Decree No. 463, as amended, other existing mining laws, and their implementing rules and regulations, or parts thereof, which are not inconsistent with the provisions of this Executive Order, shall continue in force and effect.

SEC. 8. This Executive Order shall take effect immediately

DONE in the City of Manila, this 25th day of July, in the name of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 280**

EXPANDING THE INCENTIVE FEATURES OF LETTER OF INSTRUCTIONS (LOI) NO. 1352 DATED SEPTEMBER 8, 1983 TO ENCOURAGE CRUDE OIL EXPORT PROCESSING ACTIVITIES IN THE COUNTRY BY INCLUDING THEREIN INTERMEDIATE PRODUCTS FOR FEEDSTOCKS AND AUTHORIZING THE SWAP OR EXCHANGE OF PETROLEUM PRODUCTS, THEREBY AMENDING LOI NO. 1352, AND FOR OTHER PURPOSES.

WHEREAS, there is a recognized need and a definite advantage to the national economy to promote and facilitate the export processing of foreign-owned crude oil, as well as the processing of own-imported crude oil for export by local oil refineries, so as to increase foreign exchange earnings from unused refinery capacity and make the local refineries more competitive with those of other countries in the region;

WHEREAS, the tax incentives under Letter of Instructions (LOI) No. 1352 dated September 8, 1983 have proven to be inadequate, and there is, therefore, a need to revise and improve the existing tax incentive scheme for foreign-owned crude oil export processing in the country;

WHEREAS, to attract foreign crude oil owners to enter into processing arrangement with local refineries and to improve the viability of such processing arrangement, as well as the export sales of petroleum products, it is necessary to include intermediate products for feedstocks within the contemplation of crude oil export processing activities, and to authorize petroleum product swap or exchange arrangements;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Feedstocks inclusion. – Item-section No. 1 of Letter of Instructions (LOI) No. 1352 dated September 8, 1983 is hereby amended to read as follows:

“1. Any foreign entity/third party offshore may bring into the Philippines crude oil, and other feedstocks/intermediate products for further processing into finished petroleum products, over which it shall retain ownership, to be processed by a local oil company under a processing agreement, in consideration for a processing fee payable in foreign currency, into refined petroleum products which the foreign entity/affiliate shall ship out of the Philippines. It is understood that all references herein to foreign-owned crude oil shall also include such intermediate products for feedstocks.

“Local oil companies may process additional volumes of their own imported crude oil to exploit export opportunities for petroleum products as they occur.”

SECTION 2. Swaps/exchanges. – Item-section No. 5 of LOI No. 1352 is also hereby amended by inserting an additional subsection No. 5-A at the end thereof, to read as follows:

“5-A. Swaps/exchanges. – Any arrangement for the swap/exchange for petroleum products (on the one part) processed by a local oil company refinery

out of the foreign-owned crude oil under an export processing agreement, as herein contemplated, and originally intended for export by the foreign entity/affiliate, with petroleum products (on the other part) refined by and belonging to a local oil company on a value-for-value basis using internationally recognized reference prices as may be specified hereafter by the Energy Regulatory Board (e.g., prices at Singapore, U.S.A, North West Europe, etc.) shall be allowed; in which case, such foreign entity/affiliate shall continue to enjoy all the benefits and incentives under this Letter of Instructions, provided, that the petroleum products received in swap/exchange from the local oil company are actually exported by the foreign entity/affiliate. Such foreign entity/affiliate shall not be deemed howsoever to have engaged in trade or business in the Philippines, and, therefore, no taxes, duties, fees, charges and other imposts, including income taxes, shall be due and collected on account of such swap/exchange of petroleum products.

“For purposes of such product swaps/exchanges, the petroleum products to be actually exported by the foreign entity/affiliate after the swap/exchange shall be deemed to be the processing yield, results for the crude oil brought into the country by the foreign entity/affiliate, as certified to by the Energy Regulatory Board.

“The petroleum products received in swap/exchange by the local oil company, if these are intended for local sale, shall be subject to applicable excise taxes, fees, charges and other imposts, except customs duties and other import charges and fees since they have already been paid by the local oil company on their products given in swap/exchange. However, the subsequent export of said swapped/exchanged petroleum products by the local oil company shall continue to be given the same tax/duty treatment accorded to other petroleum product exports, thereby allowing recovery by the local oil company of the import duties, charges, imposts and other fees paid on its products given in swap/exchange. The local oil companies shall be allowed to recover the excise taxes, including taxes on refinery fuel and loss volumes, that may have been paid in the case of products given in swap/exchange which were taken or lifted from tax-paid stocks.”

SECTION 3. – Continuity of export processing incentives. – Nothing in this Order or in any prior and existing other laws, presidential decrees, executive orders, letters of instructions, including administrative orders, rules and regulations, since the enactment of LOI No. 1352, shall operate or be construed as an interruption, disruption, diminution or impairment whatsoever of the privileges, benefits and incentives available under LOI No. 1352, previous to the effectivity of this Order.

SECTION 4. Implementation. – The Department of Finance, the Bureau of Internal Revenue, the Bureau of Customs, the Energy Regulatory Board, the Central Bank of the Philippines, the Philippine Ports Authority and such other government offices, agencies and other instrumentalities as may be responsible for the observance, application and implementation of LOI No. 1352, are hereby enjoined to facilitate the immediate implementation of this Order.

SECTION 5. Repealing clause. – All laws, particularly the Tariff and Customs Code of the Philippines and the National Internal Revenue Code, as amended, decrees, executive orders, letters of instructions, letters of implementation, proclamations, memoranda and rules and regulations inconsistent with any or all of the provisions of this Order are hereby repealed, modified, amended and/or superseded accordingly.

SECTION 6. Separability clause. – The provisions of this Executive Order are declared to be separable, and if any provisions or the application thereof is held invalid or unconstitutional, the validity of other provisions shall not be affected thereby.

SECTION 7. Effectivity. – This Executive Order shall take effect immediately upon completion of its publication in the Official Gazette.

DONE in the City of Manila, this 25th day of July, in the year of our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 281**

AMENDING EXECUTIVE ORDER NO. 142 DATED FEBRUARY 27, 1987 BY INCREASING FROM 50% TO 75% THE MARGIN OF PREFERENCE (MOP) ON SLAUGHTERED MEAT AIJV PRODUCT AND EXTENDING THE SAME MARGIN OF PREFERENCE OF 75% TO MECHANICAL POWER RACK AND PINION STEERINGS AND CONSTANT VELOCITY JOINTS TO IMPLEMENT THE SUPPLEMENTARY AGREEMENT TO AMEND THE BASIC AGREEMENT ON ASEAN INDUSTRIAL JOINT VENTURES (BAAIJV)

WHEREAS, Executive Order No. 142 grants a fifty percent (50%) margin of preference to the slaughtered meat ASEAN Industrial Joint Ventures (AIJV) product;

WHEREAS, the Sixteenth ASEAN Economic Ministers (AEM) Meeting approved the mechanical and power rack and pinion steerings and constant velocity joints AIJV products with the Philippines and Malaysia as participating countries;

WHEREAS, the ASEAN Foreign Ministers signed on June 16, 1987 a Supplementary Agreement to Amend the Basic Agreement on ASEAN Industrial Joint Ventures (BAAIJV) increasing the minimum margin of preference on AIJV products from fifty percent (50%) to seventy-five percent (75%);

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, pursuant to the powers vested in me under Section 402 of the Tariff and Customs Code of 1978, as amended, do hereby order:

SECTION 1. The fifty percent (50%) Margin of Preference (MOP) for the AIJV products as provided under Section 1 of Executive Order No. 142, which shall be accorded the AIJV entity in Thailand effective up to 9 May 1989, is hereby increased to seventy-five (75%) as specified in Column 4. In effect, such articles shall be subject to the Preferential Tariff for ASEAN in accordance with the schedule indicated opposite each article as specified in Column 5.

TARIFF HEADING NO.	DESCRIPTION OF PRODUCT	RATE OF DUTY	EFFECTIVE MOP	ASEAN PREFERENTIAL TARIFF
(1)	(2)	(3)	(4)	(5)
ex.02. 01 100	Meat of bovine animal, with bone in	20%	75%	5%
ex.02.01 200	Meat of bovine animal, boneless	20%	75%	5%

SECTION 2. The articles specifically listed hereunder as classified under Section 104 of the Tariff and Customs Code of 1978, as amended, shall also be accorded a Margin of Preference (MOP) of seventy-five percent (75%) and thus be subject to Preferential Tariff for ASEAN as specified in Column 5.



TARIFF HEADING NO.	DESCRIPTION OF PRODUCT	RATE OF DUTY	EFFECTIVE MOP	ASEAN PREFERENTIAL TARIFF
(1)	(2)	(3)	(4)	(5)
ex. 87.06 900	Mechanical and power rack and pinion steerings including tierods, ball joints and linkages and/ or finished, semi-finished parts and sub-assemblies thereof	30%	75%	7.5%
ex. 87.06 900	Constant velocity joints (fixed and plunging types) and/or finished parts, semi-finished parts and sub-assemblies thereof	30%	75%	7.5%

SECTION 3. The MOP provided to the products listed under Section 2 hereof shall be accorded by the AIJV entity in Malaysia effective up to 7 October 1990, in the case of mechanical rack and pinion steerings, and up to 9 November 1990, in the case of constant velocity joints and power rack and pinion steerings. Thereafter, this MOP shall be extended automatically to any entity in any ASEAN member country which produces the subject AIJV products.

SECTION 4. The seventy-five percentum (75%) MOP accorded under Section 2 of this Executive Order to the accredited AIJV entity in Malaysia shall remain effective irrespective of any subsequent change in the basic Philippine rate of duty on the abovementioned articles.

SECTION 5. After the effectivity of this Executive Order, all the abovedescribed articles, entered or withdrawn from warehouses in the Philippines for consumption shall be imposed the rates of duty herein prescribed subject to the qualification under the Rules of Origin as prescribed in the Agreement on ASEAN Preferential Trading Arrangements ratified on August 1, 1977.

SECTION 6. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 7. This Executive Order shall take effect immediately.

Done in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(SGD.) **CORAZON C. AQUINO**  
President of the Philippines

By the President:  
(SGD.) **JOKER P. ARROYO**  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 282**  
**DECLARING A ONE-TIME AMNESTY ON UNSETTLED TRAVEL**  
**TAX ASSESSMENTS SUBJECT TO CERTAIN CONDITIONS**

WHEREAS, there is a substantial amount of revenue due and collectible by the government from unsettled travel tax assessments from 1974 onward;

WHEREAS, the granting of a travel tax amnesty would accelerate the settlement of overdue travel tax assessment by erring airline companies;

WHEREAS, to ensure that henceforth the travel tax law would be complied with strictly, no further amnesty of travel tax assessments shall be granted;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of powers vested in me by the sovereign will of the Filipino people and the Constitution, do hereby order:

Section 1. A one-time amnesty of unsettled travel tax assessments of airline companies from 1974 to December 31, 1986 is hereby granted subject to the following conditions:

- a Assessments involving the unremitted actual collection of travel taxes shall be paid in full.
- b) Travel taxes due which have not been collected in whole or in part shall be subject to a compromise payment of twenty-five percent (25%) of the amount due.
- c All surcharges and penalties appertaining to sub-paragraphs a and b shall be condoned.

Section 2. Travel tax assessments which are pending in courts may be covered by the amnesty provided that prior court approval is sought by the parties concerned.

Section 3. The application for the travel tax amnesty shall be filed at, and in the form prescribed by, the Department of Tourism.

Section 4. Subject to such rules and regulations as may be promulgated by the Secretary of Finance, in consultation with the Secretary of Tourism, the amount due under this amnesty may be paid in one lump-sum or in installments. Should any installment not be paid on its due date, the total unpaid balance of the unsettled travel tax and the corresponding penalties and surcharges appertaining to such unpaid balance shall become automatically due and demandable and shall be enforced in accordance with law.

Section 5. Any airline company which avails of this tax amnesty shall be exempt from any civil, criminal and administrative liability arising from the violation of PD 1183, as amended and pertinent Revised PTA Rules and Regulations, as amended.

Section 6. The amnesty and compromise payment granted herein may be availed of within sixty (60) days from the promulgation of the implementing guidelines. Thereafter, no further amnesty shall be granted and the administrative and judicial remedies provided for by law shall be strictly enforced for its collection.

Section 7. The Secretary of Finance, in consultation with the Secretary of Tourism, shall promulgate the necessary rules and regulations to effectively implement this Executive Order.

Section 8. All laws, orders, issuances, rules and regulations or parts thereof which are not inconsistent with the provisions of this Executive Order are hereby repealed or modified accordingly.

Section 9. The Executive Order shall take effect immediately.

Done in the City of Manila, this 25th day of July, in the year of our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 283**  
**RESTRUCTURING THE TRAVEL TAX EXEMPTIONS AND RESTORING**  
**THE REDUCED RATES ON CERTAIN INDIVIDUALS, AMENDING**  
**FOR THIS PURPOSE, PRESIDENTIAL DECREE NO. 1183, AS AMENDED**

WHEREAS, the nature and purpose of travel of certain individuals necessitate that they should not be subject to the travel tax or, as the case may be, that they should pay the reduced or preferential travel tax rates:

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

Section 1. Section 2 of Presidential Decree No. 1183, as amended, is hereby further amended to read as follows:

“Section 1. The following are exempted from the payment of the travel tax imposed herein:

- a) Foreign diplomatic and consular officials and members of their staff who are duly accredited to the Philippines, including the immediate members of their families and household domestics whose entry as such has been authorized by the Philippine Government;
- b) Officials, consultants, experts and employees of the United Nations Organization and of its agencies, and those exempted under existing laws, treaties and international agreements;
- c) US military personnel and other US nationals, including their dependents and in proper cases as indicated below, who are travelling on US government-owned or chartered transport facilities or with fares expended out of the US Government funds to wit:
  - 1. US military personnel and their dependents;
  - 2. Filipinos in the US military service and their dependents;
  - 3. Filipino employees of the US government travelling on US government business; and
  - 4. US State Department visitor-grantees travelling on US government business.
- d) Filipino overseas contract workers;
- e) Crew members of ships and airplanes plying international routes who are leaving the country to assume their positions therein or to join their vessels or airplanes;

- 
- f) Filipino citizens who are permanent residents of foreign countries provided they present evidence that they filed their income tax returns and paid income tax due thereon, if any, to the Philippine government for the preceding year;
  - g) Members of the Philippine foreign service officially assigned abroad who are leaving the country to assume their posts, including their dependents;
  - h) Officials and employees of the Philippine government or any of its departments, bureaus and agencies travelling on official business;
  - i) Persons whose travel is provided or funded by foreign governments with which the Philippine government maintains diplomatic relations;
  - j) Bonafide students whose scholarships have been approved by the appropriate government agency;
  - k) Infants who are two years old or less;
  - l) Personnel of multinational companies with regional headquarters at, but not engaged in business in the Philippines, and their dependents if joining them during the period of their assignments in the Philippines as certified to by the Board of Investments; and
  - m) Those authorized by the President of the Philippines for reasons of national interest.”

Section 2. Section 2-A of the same decree is hereby further amended to read as follows:

“Sec. 2-A. Unless otherwise exempted under Section 2 of the same decree, a reduced rate of ₱1,350 for first class passage and ₱810 for economy class passage shall be imposed on the following:

- a) Individuals who are 12 years old or below but over two years of age;
- b) Accredited Filipino journalists whose travel is in pursuit of journalistic assignments as certified to by the Office of the Press Secretary; and
- c) Those authorized by the President of the Philippines for reasons of national interest.”

Section 3. The Secretary of Finance, in consultation with the Secretary of Tourism, shall promulgate the necessary rules and regulations to effectively implement this Executive Order.

Section 4. All laws, orders, issuances, rules and regulations or parts thereof of which are inconsistent with the provisions of this Executive Order are hereby repealed or modified accordingly.

Section 5. This Executive Order shall take effect fifteen days (15) following its publication in a newspaper of general circulation.

DONE in the City of Manila, this 25th day of July, in the year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 284**  
**AUTHORIZING THE HOLDING OF OTHER GOVERNMENT OFFICES**  
**OR POSITIONS BY THE MEMBERS OF THE CABINET, UNDERSECRETARIES,**  
**ASSISTANT SECRETARIES AND OTHER APPOINTIVE OFFICIALS**  
**OF THE EXECUTIVE DEPARTMENT UNDER CERTAIN CONDITIONS**

WHEREAS, on July 23, 1987, the Secretary of Justice rendered an opinion relative to Section 13, Article VII in conjunction with Section 7, paragraph 2, Article IX-B of the Constitution, to the effect that if it is allowed by law or by the primary functions of their position, members of the Cabinet, undersecretaries and assistant secretaries may hold any other office or employment in the government, including government-owned or controlled corporations;

WHEREAS, it is necessary to enact a law to comply with or implement the constitutional provision allowing appointive officials to hold offices or employment in the government, and to allow them to receive compensation therefor;

WHEREAS, it is likewise necessary to regulate the number of positions that a member of the Cabinet, undersecretary or assistant secretary or other appointive officials may hold to ensure efficiency and to give meaning and effect to the intent and spirit of the aforesaid constitutional provision; and

WHEREAS, in order to safeguard the interests of the government in government-owned or controlled corporations, it is also necessary that some government officials be made members of the boards of such corporations.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. Even if allowed by law or by the primary functions of his position, a member of the Cabinet, undersecretary, assistant secretary or other appointive official of the Executive Department may, in addition to his primary position, hold not more than two positions in the government and government corporations and receive the corresponding compensation therefor: Provided, that this limitation shall not apply to ad hoc bodies or committees, or to boards, councils or bodies of which the President is the Chairman.

SEC. 2. If a member of the Cabinet, undersecretary, assistant secretary or other appointive official of the Executive Department holds more positions than what is allowed in Section 1 hereof, they must relinquish the excess positions in favor of a subordinate official who is next in rank, but in no case shall any official hold more than two positions other than his primary position.

SEC. 3. In order to fully protect the interests of the government in government-owned or controlled corporations, at least one-third (1/3) of the members of the Boards of such corporations should either be a Secretary, or undersecretary, or assistant secretary.

SEC. 4. All officials affected by this Executive Order are hereby required to submit to the Office of the President their compliance therewith.

SEC. 5. All laws, orders, rules and regulations or parts thereof which are inconsistent with this Executive Order are hereby repealed or modified accordingly.

SEC. 6. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.



MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 285**  
**ABOLISHING THE GENERAL SERVICES ADMINISTRATION AND TRANSFERRING**  
**ITS FUNCTIONS TO APPROPRIATE GOVERNMENT AGENCIES**

WHEREAS, it is the policy of the government to promote economy, efficiency and effectiveness in the delivery of public services;

WHEREAS, the successful performance by line departments and agencies of their mandated tasks can only be assured if auxiliary services are likewise adequately provided;

WHEREAS, in line with the principles of decentralization, autonomy and accountability, general services functions pertaining to building and real property management and supply coordination should be integrated with the regular responsibilities of government agencies having related functions;

WHEREAS, it is desirable to continue centralized coordination of records management and archival functions; and

WHEREAS, the need for an effective government printing and publication system requires the rationalization of all related existing resources of the government;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

Declaration of Policy. It is hereby declared a policy of the State that, in line with the principles of decentralization, autonomy, accountability and optimization of the use of existing resources of the government, the conduct of certain general administration functions be vested in the appropriate government agencies.

Part I  
**REORGANIZATION ACTIONS**

Section 1. Abolition of the General Services Administration. The General Services Administration, hereunder referred to as the Administration, and its Building Services and Real Property Management Office and Supply Coordination Office are hereby abolished and their functions transferred to other agencies/entities in accordance with specific provisions of this Executive Order.

Such transfer shall include applicable appropriations, records, property and equipment, and such personnel as may be necessary.

Section 2. General Services Administration (Proper). The formulation, promulgation and execution of policies, rules and regulations on the performance of common administrative services, namely: building and real property management and supply coordination, are hereby transferred to appropriate agencies specified in the succeeding sections.

Section 3. Building Services and Real Property Management Office. The functions of the Building Services and Real Property Management Office are hereby transferred, as follows:

1. To the Department of Public Works and Highways.

- a. Overall custody and administration of government buildings, including development of criteria and standards on building services, allocation of government buildings to agency-users, and related activities;
- b. Conduct of researches, studies and surveys to determine the space requirements of the government; need for maintenance, repair and alteration/ improvement of buildings and grounds; and allocation of new buildings;
- c. Inventory, inspection, appraisal and determination of the value of buildings owned by the national government;
- d. Development of guidelines, criteria and standards on the reasonableness of rental rates in privately-owned buildings leased to government offices and vice-versa;
- e. Disposal of government-owned buildings;
- f. Determination of damage caused by natural calamities to government properties for purposes of insurance claims;
- g. Designation of the building administrator for each government building.

2. To the Department of Environment and Natural Resources.

- a. Custody and administration of commercial, industrial and urban properties under the management of the abolished Building Services and Real Property Management Office;
- b. Sale, lease, rental or transfer of these commercial, industrial and urban lands.

3. To the Systems and Procedures Bureau, Department of Budget and Management  
Development of standards and guidelines on office space allocation and the provision of janitorial, security, messengerial and other “housekeeping” services.

4. To the Building Administrator Designated by the Department of Public Works and Highways. (occupant or any of the occupants of the building)

Allocation of office space in the building for use by government agencies; subject to the standards and guidelines developed by the Systems and Procedures Bureau, Department of Budget and Management.

5. To the Occupants of Government Buildings.

- a. Day-to-day custody and administration of government buildings, including allocation of office space and rental of excess office space to private users, ordinary repair and maintenance, and related activities;
- b. Provision of janitorial, security, messengerial and other “housekeeping” services, subject to the standards and guidelines developed by the Systems and Procedures Bureau, Department of Budget and Management.

Section 4. Supply Coordination Office. The functions of the Supply Coordination Office are hereby transferred, as follows:

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1. To the Procurement Service, Department of Budget and Management.

- a. Operation of a government-wide procurement system for common-use office supplies;
- b. Monitoring of prices for common-use supplies, materials and equipment.

2. To the Systems and Procedures Bureau, Department of Budget and Management

- a. Development of standards and specifications for common-use supplies, materials and equipment, in coordination with the Bureau of Products Standards of the Department of Trade and Industry and the Industrial Technology Development Institute of the Department of Science and Technology;
- b. Design of an integrated supply management system for government;
- c. Conduct of continuing studies designed to establish and maintain an improved purchasing system for government that would also serve as guide to agencies.

3. To the Different Line Departments and Agencies.

- a. Procurement of supplies, materials and equipment peculiar to their operations;
- b. Disposal of supplies, equipment and materials which are obsolete, forfeited, abandoned and surplus to their needs, subject to guidelines developed by the Systems and Procedures Bureau of the Department of Budget and Management and existing laws.

The Procurement Council created under LOI 755 dated October 18, 1978 is hereby abolished. Its functions pertaining to standards setting and policy/guidelines formulation are transferred to the Systems and Procedures Bureau, Department of Budget and Management.

To expedite disposal of unserviceable equipment and property, the Disposal Committee created in each Department and agency under Executive Order No. 888, dated March 18, 1983, is hereby reconstituted, as follows:

Representatives of:

Owning Department or agency	– Chairman
Department of Budget and Management	– Member
Commission on Audit	– Member

Section 5. Records Management and Archives Office. The Records Management and Archives Office, including its applicable appropriations, personnel, equipment, property, records and archival collections, is hereby transferred and attached to the Department of Education, Culture and Sports as a cultural agency.

The Secretary of Education, Culture and Sports is hereby authorized to reorganize the Office in consultation with and subject to the approval of the Department of Budget and Management, within one hundred twenty (120) days from the approval of this Executive Order.

Section 6. Creation of the National Printing Office. There is hereby created a National Printing Office out of the merger of the Government Printing Office and the relevant printing units of the Philippine Information Agency. The Office shall have exclusive printing jurisdiction over the following:

- a. Printing, binding and distribution of all standard and accountable forms of national, provincial, city and municipal governments, including government corporations;
- b. Printing of official ballots;
- c. Printing of public documents such as the Official Gazette, General Appropriations Act, Philippine Reports, and development information materials of the Philippine Information Agency.

The Office may also accept other government printing jobs, including government publications, aside from those enumerated above, but not in an exclusive basis.

The details of the organization, powers, functions, authorities, and related management aspects of the Office shall be provided in the implementing details which shall be prepared and promulgated in accordance with Section II of this Executive Order.

The Office shall be attached to the Philippine Information Agency.

## Part II MISCELLANEOUS PROVISIONS

Section 7. New Structure and Staffing Pattern. Upon approval of this Executive Order, the officers and employees of the abolished General Services Administration and its Offices shall, in a hold-over capacity pending implementation of the reorganization, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits.

The new position structure and staffing pattern relative to the transferred functions shall be approved and prescribed by the Secretary of Budget and Management in consultation with the heads of the recipient agencies within one hundred twenty (120) days from the approval of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by the agency heads or by the President as the case may be. Those incumbents whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they may be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one month basic salary for every year of service, or the equivalent nearest fraction thereof favorable to them on the basis of highest salary received, but in no case shall such payment exceed the equivalent of twelve (12) months salary.

Section 8. Notice or Consent Requirement. If any organizational change herein authorized is of such substance or materiality as to prejudice third persons with rights recognized by law or contract such that notice to or consent of creditors is required to be made or obtained pursuant to any agreement entered into with any such creditors, such notice or consent requirement shall be complied with prior to the implementation of such reorganizational change.

Section 9. Prohibition Against Change. No change in the organization herein prescribed shall be valid except upon prior approval of the President for the purpose of promoting efficiency and effectiveness in the delivery of public services.

Section 10. Funding. Funds needed to carry out the provisions of this Executive Order shall be taken from funds available in the GSA and its four bureaus.

Section 11. Implementing Authority of the Secretary of Budget and Management. The Secretary of Budget and Management, in consultation with the heads of the respective agencies, shall issue such rules, regulations and other issuances as may be necessary to ensure the effective implementation of the provisions of this Executive Order.

Section 12. Separability. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions can still subsist and be given effect in their entirety.

Section 13. Repealing Clause. All laws, ordinances, rules, regulations, other issuances or part thereof, which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.

Section 14. Effectivity Clause. This Executive Order shall take effect immediately upon its approval.

APPROVED in the City of Manila, Philippines, this 25th day of July, in the year of our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 286**  
**CREATING THE SEQUESTERED ASSETS DISPOSITION AUTHORITY (SADA)**  
**AND FOR OTHER PURPOSES**

WHEREAS, it is the policy of the state to recover ill-gotten wealth amassed by the leaders and close associates of the previous regime and to protect the interest of the people through orders of sequestration;

WHEREAS, by virtue of Executive Order No. 1, the Presidential Commission on Good Government (PCGG) was created, to assist the Philippine government in the recovery of the said ill-gotten wealth;

WHEREAS, Executive Order No. 1 further provides that the PCGG shall provisionally take over the business or corporations, enterprises and properties amassed by the leaders and close associates of the previous regime until the transactions leading to such acquisition by the latter, are declared to be illegal by a court of law with competent jurisdiction;

WHEREAS, there is an urgent need for an entity to oversee the disposition of assets and properties recovered by the Government, by virtue of a decision of a court of law, pursuant to Section 26, Article XVIII of the 1987 Constitution and those voluntarily surrendered to the PCGG

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino people and the Constitution do hereby order;

Section 1. Creation of Authority. There is hereby created a Sequestered Assets Disposition Authority, hereinafter referred to as the Authority, composed of one (1) Chairman and four (4) members, who are of good moral character and unquestionable integrity, to be appointed by the President.

The Authority shall be under the administrative supervision of the Office of the President.

In view of the limited life of the Authority, the emoluments and other benefits of the Chairman, members, and its support staff, as well as its staffing pattern, shall be fixed by, and submitted to, the President for approval by the Chairman and members and shall be exempt from the OCPC and other eligibility requirements of the Civil Service Commission.

Section 2. Coverage. - The Authority shall formulate and implement a program for the disposition of assets, business enterprises or corporations transferred to the Authority by the PCGG or pursuant to a decision of a court of law with competent jurisdiction involving sequestered assets prescribed by Section 26, Article XVIII of the 1987 Constitution.

Section 3. Powers and Functions. - The Authority shall have the following powers and functions:

- a) To dispose of or authorize, subject to the approval of the President, the disposition of such assets transferred to the Authority any party and on such terms as are in the best interest of the National Government; for such purpose to execute and deliver on behalf and in the name of the National Government such deeds of sale, contracts, and other instruments as may be necessary or appropriate to convey title to such assets;
- b) To take title to, and possession of, and to take such steps as may be necessary to conserve assets transferred to the Authority by the PCGG or by a court of law, including, without

- limitation, to oversee the management and operation of corporations or businesses constituting such assets, and to file suits and institute proceedings on behalf and in the name of the National Government for the recovery and protection of such assets;
- c) Subject to the prior approval of the President, to undertake the rehabilitation of such assets in instances where such rehabilitation is necessary, to conserve the value of such assets or permit their sale;
  - d) To engage such external expertise as may be necessary to fulfill its task;
  - e) To lease or own real and personal property to the extent required or entailed by its functions; to borrow money and incur such liabilities as may be reasonably necessary to permit it to carry out the responsibilities imposed upon it under this Order; to receive and collect interest, rent and other income from the corporations and assets held by it and to exercise in behalf of the National Government and to the extent authorized by the President, in respect of such corporations and assets, all rights, powers and privileges of ownership including the ability to compromise and release claims or settle liabilities, and otherwise to do and perform any and all acts that may be necessary or proper to carry out the purposes of this order; Provided, however, that any borrowing of the Authority shall be subject to the prior approval of the President; and
  - f. To issue such policies, guidelines, rules and regulations to implement the objectives of this Order, subject to the approval of the President.

Section 4. Staff Support. The Authority shall have a technical staff support, the organization and structure of which shall be subject to the approval of the Office of the President (OP), Civil Service Commission (CSC) and the Department of Budget and Management (DBM).

Section 5. Exemption from Taxes, Fees and Other Charges. The provisions of any law to the contrary notwithstanding, the Authority as well as the sequestered corporations and assets transferred to it, shall be exempt from all taxes, fees, charges, imposts, and assessments arising from or occasioned by the passing of title over such corporations or assets from the said corporations to the Authority and/or from the National Government to a private acquirer or buyer imposed by the National Government or any subdivision thereof: Provided, That in cases where government institutions acquired the said assets by foreclosure, the non-payment of similar taxes, fees, charges, imposts, and assessments shall not be a bar to the consolidation of title in the foreclosing institutions and the subsequent passing of title to the Authority.

The sale or transfer of such corporations or assets shall not be enjoined or hindered by the existence of any liens by way of taxes, fees, charges or other assessments in favor of the government at the time of sale or transfer; Provided, that the proceeds from such sale or transfer shall be subject to the tax lien and shall first be applied to satisfy such obligations secured by such liens.

Section 6. Audit. Generally-accepted accounting and auditing rules and regulations shall be observed in the recording of the transactions of the Authority.

Section 7. No Injunction. The provisions of any law to the contrary notwithstanding, no restraining order, temporary or permanent injunction shall be issued by any court, agency or body for the purpose of preventing the Authority, its agents or employees:

- a) from taking possession of, consolidating title to, or disposing of, assets transferred to the Authority under terms of this Order, or

- b) from foreclosing upon security or exercising any other right or remedy available to the Authority under law or contract, to enforce the payment of obligations acquired by the Authority hereunder.

No restraining order, temporary or permanent injunction shall be issued by any court, agency or body to prevent any purchaser of assets sold by the Authority pursuant to this Order from taking possession of, taking or consolidating title to or disposing of such assets except where the restraining order, temporary or permanent injunction is sought by the Authority itself on the grounds of fraud, breach or material misrepresentation on the part of the purchaser.

Section 8. Immunity and Indemnity Provision for Members of the Authority.

- 1) No civil action shall lie against the Authority and no civil or criminal action shall prosper against any member of the Authority in its or his discharge of the tasks and functions contemplated by this Order, unless: (a) the act or omission complained of clearly relates to a mandatory provision of this Order, the performance of which is expressly devolved or delegated to the concerned defendant as a ministerial duty rather than a discretionary or judgmental function, and (b) the act or omission is attended by fraud, bad faith, gross negligence, or violation of the provisions of the Anti-Graft law;
- 2) In the event that any member of the Authority or any member of his respective staff during or after his incumbency is called upon to defend his actions, related to the performance or non-performance of an act, or the execution of a transaction contemplated by this Order, before any administrative, judicial or legislative proceeding, the government shall provide him with counsel without cost; or shall shoulder and pay the cost of the counsel of his choice as well as other costs of litigation for which he may be held liable: Provided, that where the civil or criminal action is based on (a) and (b) of the preceding paragraph, and the member of the Authority or of his respective staff is found guilty of the acts complained of, such member shall be fully liable to and reimburse the government for all sums advanced by the government in accordance with the provisions of this Section to cover cost of counsel and other costs of litigation.

Section 9. Reporting Requirements. The Authority shall at least on a quarterly basis submit to the President a report on the status of its assets disposition program, which report shall include a description of the individual assets disposed of, the purchases thereof, the consideration received therefrom, and the agreed terms of payment and such other conditions related to the sale.

The technical staff shall report on a quarterly basis its performance and financial condition to the Authority; and within three (3) months from the closure of books at the end of each fiscal year, submit a comprehensive annual report through the Authority to the President on the status of its assets disposition program, which report shall include a description of the individual corporations and assets disposed of, the purchasers thereof, the consideration received therefrom, and the agreed terms of payment and such other conditions related to the sale.

Section 10. Proceeds and Income. The proceeds and income to be derived from the sale or disposition of all assets under this Order shall immediately accrue to the National Treasury, consistent with the provisions of Proclamation No. 131 and Executive Order No. 229, both dated July 22, 1987.

Section 11. Funding. Funds necessary for the implementation of this Order is hereby authorized to be released from the National Treasury from any fund not otherwise appropriated and thereafter,



such amount necessary for the operations of the Authority, shall be included in the General Appropriations Act.

Section 12. Separability Clause. Any portion or provision of this Order that may be declared unconstitutional shall not have the effect of nullifying the other provisions thereof; Provided, however, that such remaining portions can still stand and be given effect in their entirety to accomplish the objectives of this Order.

Section 13. Repealing Clause. All laws, ordinances, orders, proclamations, rules, regulations, issuances or parts thereof, which are inconsistent with any of the provisions of this Executive Order are hereby repealed or modified accordingly.

Section 14. Effectivity. This Executive Order shall take effect immediately.

DONE in the City of Manila, Philippines, this 25th day of July, in the Year of our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). [*Executive Order Nos.: 171 - 390*]. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 287**  
**REPEALING PRESIDENTIAL DECREE NO. 1153, ENTITLED “REQUIRING THE PLANTING  
OF ONE TREE EVERY MONTH FOR FIVE CONSECUTIVE YEARS  
BY EVERY CITIZEN OF THE PHILIPPINES”**

WHEREAS, the policy announced in the Presidential Decree No. 1153, “[t]o call upon every citizen of the Philippines to help, as a duty and obligation, to conserve and develop the resources of the country” can be achieved without the compulsion and the penalties for non-compliance therewith as set forth in the Decree;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Presidential Decree No. 1153, entitled “Requiring the Planting Of One Tree Every Month For Five Consecutive Years By Every Citizen of the Philippines” and the rules and regulations issued pursuant thereto are hereby repealed.

SECTION 2. This Executive Order shall take effect immediately.

Done in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 288**  
**FURTHER AMENDING THE CHARTER OF THE DEVELOPMENT ACADEMY**  
**OF THE PHILIPPINES, AND FOR OTHER PURPOSES**

WHEREAS, the programs and activities of the Development Academy of the Philippines (DAP) have expanded greatly since its establishment;

WHEREAS, there is a need to realign the management and funding structure of the DAP to enable it to better cope with the changing requirements of its program and operational thrusts and priorities;

WHEREAS, it is accordingly necessary to effect appropriate amendments to the DAP charter to allow the realization of such desired changes in its management and funding structure, such as reconstituting the membership of the Board of Trustees and its Executive Committee, and redefining its funding sources;

WHEREAS, the DAP provides assistance and consultancy services to agencies of the entire national government, particularly to those in the executive branch that are critical in the development process;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the sovereign will of the Filipino people and by the Constitution, do hereby order:

SECTION 1. Sections 3, 4, and 6 of Presidential Decree No. 205 as amended by Presidential Decree No. 1061 are hereby amended to read as follows:

“Section 3. Organizational Location and Domicile. The principal office of the Academy shall be established at Metropolitan Manila. The Academy may also have branches or offices at such other place or places within or without the Philippines, as the operations and activities of the Academy may require.”

“Section 4. Board of Trustees. The governance and policy direction of the Academy shall be vested in, and its powers exercised by, a Board of Trustees, which shall be composed of eleven members representing the following:

- (a) Office of the President;
- (b) Department of Finance;
- (c) Department of Education, Culture and Sports;
- (d) Department of Budget and Management;
- (e) Department of Agriculture;
- (f) Department of Environment and Natural Resources;
- (g) Department of Health;
- (h) Department of Agrarian Reform;
- (i) National Economic and Development Authority;
- (j) Civil Service Commission; and
- (k) The Academy.

The Trustees shall elect from among themselves the Chairman and Vice Chairman of the Board.

The Trustees shall receive per diem as may be authorized for every meeting of the Board and its Executive Committee actually attended, in addition to reasonable transportation and representation expenses, subject to existing rules and regulations.”

“Section 6. Executive Committee. There shall be an Executive Committee consisting of the President of the Academy and four other members to be elected by the Board of Trustees from the membership of the Board. Members of the Executive Committee, other than the President of the Academy, shall hold office for terms of two years, unless at the time of election a shorter term is specified, and shall be eligible for reelection. The Board shall elect the Chairman of the Executive Committee from the membership of the Committee.”

Section 2. A new Section 7-A is hereby added, after Section 7 of Presidential Decree No. 205, as amended, to read as follows:

“Section 7-A. Board of Visitors. The Academy shall have a Board of Visitors to be composed of the heads of the financial institutions which constitute the founding members of the Academy, as follows:

- (a) The Chairman of the Development Bank of the Philippines, Chairman;
- (b) The Governor of the Central Bank of the Philippines;
- (c) The President of the Government Service Insurance System;
- (d) The Administrator of the Social Security System;
- (e) The President of the Philippine National Bank; and
- (f) The President of the Land Bank of the Philippines.

The Board of Visitors shall have authority to conduct a review of the policies, programs and operations of the Academy and make suggestions with respect to its desired thrusts and orientation.”

Section 3. A new Section 9-A is hereby added, after Section 9 of Presidential Decree No. 205, as amended, to read as follows:

“Section 9-A. Funding Sources. The Academy shall be financially self-sufficient, and its funds shall come from the following sources:

- (a) Revenue generated from its operations;
- (b) Donations, bequests, and similar financial contributions; and
- (c) Others, such as investment and interest income.”

Section 4. Separability. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

Section 5. Repealing Clause. All laws, rules, and regulations or parts thereof inconsistent with the provisions of this Executive Order are hereby repealed or modified accordingly.

Section 6. Effectivity. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 25th day of July, in the Year of Our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). [*Executive Order Nos.: 171 - 390*]. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

**EXECUTIVE ORDER NO. 289**  
FURTHER AMENDING REPUBLIC ACT NO. 265, AS AMENDED  
OTHERWISE KNOWN AS “THE CENTRAL BANK ACT”

I, CORAZON C. AQUINO, President of the Philippines, do hereby order the further amendment of Republic Act No. 265, as amended, as follows:

SECTION 1. Section 29 of the same Act is hereby amended to read as follows:

“SEC. 29. Proceedings upon insolvency. - Whenever, upon examination by the head of the appropriate supervising or examining department or his examiners or agents into the condition of any bank or non-bank financial intermediary performing quasi-banking functions, it shall be disclosed that the condition of the same is one of insolvency, or that its continuance in business would involve probable loss to its depositors or creditors, it shall be the duty of the department head concerned forthwith, in writing, to inform the Monetary Board of the facts. The Board may, upon finding the statements of the department head to be true, forbid the institution to do business in the Philippines and designate an official of the Central Bank or a person of recognized competence in banking or finance, as receiver to immediately take charge of its assets and liabilities, as expeditiously as possible collect and gather all the assets and administer the same for the benefit of its creditors, and represent the bank personally or through counsel as he may retain in all actions or proceedings for or against the institution, exercising all the powers necessary for these purposes including, but not limited to, bringing and foreclosing mortgages in the name of the bank or non-bank financial intermediary performing quasi-banking functions.

“The Monetary Board shall thereupon determine within sixty days whether the institution may be reorganized or otherwise placed in such a condition so that it may be permitted to resume business with safety to its depositors and creditors and the general public and shall prescribe the conditions under which such resumption of business shall take place as well as the time for fulfillment of such conditions. In such case, the expenses and fees in the collection and administration of the assets of the institution shall be determined by the Board and shall be paid to the Central Bank out of the assets of such institution.

“If the Monetary Board shall determine and confirm within the said period that the bank or non-bank financial intermediary performing quasi-banking functions is insolvent or cannot resume business with safety to its depositors, creditors, and the general public, it shall, if the public interest requires, order its liquidation, indicate the manner of its liquidation and approve a liquidation

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plan which may, when warranted, involve disposition of any or all assets in consideration for the assumption of equivalent liabilities. The liquidator designated as hereunder provided shall, by the Solicitor General, file a petition in the regional trial court reciting the proceedings which have been taken and praying the assistance of the court in the liquidation of such institution. The court shall have jurisdiction in the same proceedings to assist in the adjudication of disputed claims against the bank or non-bank financial intermediary performing quasi-banking functions and in the enforcement of individual liabilities of the stockholders, and do all that is necessary to preserve the assets of such institution and to implement the liquidation plan approved by the Monetary Board. The Monetary Board shall designate an official of the Central Bank, or a person of recognized competence in banking or finance, as liquidator who shall take over and continue the functions of the receiver previously appointed by the Monetary Board under this Section. The liquidator shall, with all convenient speed, convert the assets of the banking institution or non-bank financial intermediary performing quasi-banking functions to money or sell, assign, or otherwise dispose of the same to creditors and other parties for the purpose of paying the debts of such institution and he may, in the name of the bank or non-bank financial intermediary performing quasi-banking functions and with the assistance of counsel as he may retain, institute such actions as may be necessary in the appropriate court to collect and recover accounts and assets of such institution or defend any action filed against the institution: Provided, However, That after having reasonably established all claims against the institution, the liquidator may, with the approval of the court, effect partial payments of such claims from assets of the institution in accordance with their legal priority.

“The assets of an institution under receivership or liquidation shall be deemed in custodia legis in the hands of the receiver or liquidator and shall, from the moment of such receivership or liquidation, be exempt from any order of garnishment, levy, attachment, or execution.

“The provision of any law to the contrary notwithstanding, the actions of the Monetary Board under this Section, Section 28-A, and the second paragraph of Section 34 of this Act shall be final and executory, and can be set aside by a court only if there is convincing proof, after hearing, that the action is plainly arbitrary and made in bad faith: Provided, That the same is raised in an appropriate pleading filed by the stockholders of record representing the majority of the capital stock of the institution before the proper court within a period of ten (10) days from the date the receiver takes charge of the assets and liabilities of the bank or non-bank financial intermediary performing quasi-banking functions or, in case of conservatorship or liquidation, within ten (10) days from receipt of notice by the said majority stockholders of said bank or non-bank financial intermediary of the order of its placement under conservatorship or liquidation. No restraining order or injunction shall be issued by any court enjoining the Central Bank from implementing its actions under this Section and the second paragraph of Section 34 of this Act in the absence of any convincing proof that the action of the Monetary Board is plainly arbitrary and made in bad faith and the petitioner or plaintiff files a bond, executed in favor of the Central Bank, in

an amount to be fixed by the court. The restraining order or injunction shall be refused or, if granted, shall be dissolved upon filing by the Central Bank of a bond, which shall be in the form of cash or Central Bank cashier's check, in an amount twice the amount of the bond of the petitioner or plaintiff conditioned that it will pay the damages which the petitioner or plaintiff may suffer by the refusal or the dissolution of the injunction. The provisions of Rule 58 of the New Rules of Court insofar as they are applicable and not inconsistent with the provisions of this Section shall govern the issuance and dissolution of the restraining order or injunction contemplated in this Section.

"Insolvency, under this Act shall be understood to mean that the realizable assets of a bank or a non-bank financial intermediary performing quasi-banking functions as determined by the Central Bank are insufficient to meet its liabilities.

"The appointment of a conservator under Section 28-A of this Act or the appointment of a receiver or liquidator under this Section shall be vested exclusively with the Monetary Board, the provision of any law, general or special, to the contrary notwithstanding."

SEC. 2. Section 107 of the same Act is hereby amended to read as follows:

"SEC. 107. Interbank settlements. - The deposit reserves maintained by the banks in the Central Bank in accordance with the provisions of Section 100 shall serve as a basis for the clearing of checks and the settlement of interbank balances, subject to such rules and regulations as the Monetary Board may issue with respect to such operations: Provided, That any bank which incurs an overdrawing in its deposit account with the Central Bank shall fully cover said overdraft not later than the next clearing day: Provided, Further, That settlement of clearing balances shall not be effected for any account which continue to be overdrawn for five consecutive banking days until such time as the overdrawing is fully covered or otherwise converted into an emergency loan or advance pursuant to the provisions of Sec. 90 of this Act. Provided, Finally, That the appropriate clearing office shall be officially notified of banks with overdrawn balances. Banks with existing overdrafts with the Central Bank as of the effectivity of this amended section shall, within such period as may be prescribed by the Monetary Board, either convert the overdraft into an emergency loan or advance with a plan of payment, or settle such overdrafts, and that, upon failure to so comply herewith, the Central Bank shall take such action against the bank as may be warranted under this Act."

SEC. 3. All laws, orders, issuances, rules, and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SEC. 4. If, for any reason, any section or provision of this Executive Order shall be held to be unconstitutional or invalid, no other section or provision of this Executive Order shall be affected thereby.

SEC. 5. This Executive Order shall take effect sixty (60) days after its approval.



DONE in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 290**

**AUTHORIZING THE PAYMENT OF REASONABLE INCENTIVE FEES TO FOREIGN BANKS,  
INVESTMENT BANKS AND OTHER FINANCIAL INSTITUTIONS PARTICIPATING IN THE  
DEBT-TO-EQUITY CONVERSION PROGRAM AND/OR THE PRIVATIZATION SCHEME  
OF THE PHILIPPINE GOVERNMENT AND PROVIDING FUNDS THEREFOR**

WHEREAS, it is the objective of the Government to bring about economic recovery as early as possible to achieve growth and stability throughout the country;

WHEREAS, to gain this objective, the Government realizes the immediate need to promote and foster renewed foreign investments and for this purpose has encouraged proposals from international investment counselors;

WHEREAS, in response to the foregoing, certain foreign banks, investment banks and other financial institutions have initiated moves and in fact have adopted certain concrete measures to encourage investments via the debt-to-equity conversion program and/or the privatization scheme of the Philippine Government;

WHEREAS, in consideration of the services to be rendered by the said foreign banks, investment banks and other financial institutions, the Government may agree to provide reasonable incentive fees under certain terms and conditions as may be set forth;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

Section 1. The Department of Finance, in coordination with the Central Bank of the Philippines is hereby authorized to pay reasonable incentive fees to foreign banks, investment banks and other financial institutions in the manner as may be agreed upon, for services that may be rendered in support to programs that will help achieve the objectives of encouraging foreign investments through the debt-to-equity conversion program and/or the privatization scheme of the Philippine Government.

Section 2. Such sums of money or so much thereof as may be necessary to pay the reasonable incentive fees provided for in Section 1 hereof shall be taken out of the proceeds to be realized under Schedules 4 and 5 Central Bank Circular No. 1111, dated August 4, 1986.

Section 3. This Executive Order shall take effect immediately.

Done in the City of Manila, this 25th day of July, in the year of our Lord, Nineteen Hundred and Eighty-Seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 291**  
**GRANTING POSTAL PRIVILEGES FOR THE BLIND, AND FOR OTHER PURPOSES**

WHEREAS, the State is constitutionally mandated to encourage non-formal, informal and indigenous learning systems as well as self-learning, independent and out-of-school study programs and to provide the disabled training in civics, vocational efficiency and other skills;

WHEREAS, insofar as the blind are concerned, the aforesaid mandate can be pursued by facilitating the dissemination of certain articles and literature for the blind by exempting them from postal charges;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. The following shall be exempted from postal charges:

- a) Articles and literature for the blind sent by mail within the Philippines or abroad;
- b) Aids and appliances for the blind sent abroad by mail for repair;

For purposes of this Executive Order, articles and literature for the blind shall be limited to:

1. Books and periodicals in braille, 14 point type or larger and sound recordings;
2. Unsealed letters in the above media; and
3. Writing or listening devices for “reading” of the above media;

Provided, That commercial advertising shall be excluded.

SEC. 2. Each letter or parcel mailed pursuant hereto shall, in lieu of stamps, bear the words “Free Matter for the Blind” on its envelope or wrapper and the address of the officially recognized institution to which the mail matter is sent and/or from which the same comes from.

SEC. 3. Personal correspondence among the blind shall likewise be exempted from postal charges; Provided, That the sender and/or the addressee has been granted individual exemption by the Office of the Assistant Secretary for Postal Services. To avail himself of the exemption, the sender and/or addressee shall present to the post office the official document evidencing such exemption; otherwise, the appropriate charges shall be collected from the sender or the addressee.

SEC. 4. Local or foreign organizations for the blind that may wish to avail themselves of the exemption granted herein shall register with and seek accreditation from the Office of the Assistant Secretary for Postal Services in accordance with the standards, rules and regulations set by the Secretary of Transportation and Communications.

SEC. 5. The Secretary of Transportation and Communications shall promulgate the rules and regulations to carry out the purposes and provisions of this Executive Order.

SEC. 6. Any person who uses the privilege granted herein without proper authority or in contravention of the provisions hereof shall be punished by a fine not exceeding ten thousand (₱10,000.00) pesos or imprisonment of not more than three (3) years or both.

SEC. 7. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order hereby repealed or modified accordingly.

SEC. 8. This Executive Order shall take effect immediately.

DONE in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 292**  
**INSTITUTING THE “ADMINISTRATIVE CODE OF 1987”**

WHEREAS, the Administrative Code currently in force was first forged in 1917 when the relationship between the people and the government was defined by the colonial order then prevailing;

WHEREAS, efforts to achieve an integrative and overall recodification of its provisions resulted in the Administrative Code of 1978 which, however, was never published and later expressly repealed;

WHEREAS, the effectiveness of the Government will be enhanced by a new Administrative Code which incorporates in a unified document the major structural, functional and procedural principles and rules of governance; and

WHEREAS, a new Administrative Code will be of optimum benefit to the people and Government officers and employees as it embodies changes in administrative structures and procedures designed to serve the people;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby promulgate the Administrative Code of 1987, as follows:

**[INTRODUCTORY PROVISIONS]**

**[BOOK I – SOVEREIGNTY AND GENERAL ADMINISTRATION]**

**[BOOK II – DISTRIBUTION OF POWERS OF GOVERNMENT]**

**[BOOK III – OFFICE OF THE PRESIDENT]**

**[BOOK IV – THE EXECUTIVE BRANCH]**

**[BOOK II – DISTRIBUTION OF POWERS OF GOVERNMENT]**

**[BOOK VII – ADMINISTRATIVE PROCEDURE]**

**[BOOK VII – ADMINISTRATIVE PROCEDURE]**

**FINAL PROVISIONS**

SEC. 27. *Repealing Clause.*—All laws, decrees, orders, rules and regulations, or portions thereof, inconsistent with this Code are hereby repealed or modified accordingly.

SEC. 28. *Separability Clause.*—In the event that any of the provisions of this Code is declared unconstitutional, the validity of the other provisions shall not be affected by such declaration.

SEC. 29. *Effectivity.*—This Code shall take effect one year after its publication in the *Official Gazette*.

DONE in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO  
President of the Philippines

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* Supreme Court Library

Office of the President of the Philippines. (1987). *Supplement to the Official Gazette of the Republic of the Philippines*. Manila: Government Printing Office, 83(31), 3528-138 – 3528-139.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 293**  
AMENDING EXECUTIVE ORDER NO. 122-C ENTITLED, “CREATING THE OFFICE  
FOR SOUTHERN CULTURAL COMMUNITIES”

WHEREAS, Executive Order No. 122-C created the Office for Southern Cultural Communities;  
WHEREAS, there is need to clearly delineate responsibilities for policy and plan formulation and  
program implementation in line with decentralization policy of Government;  
NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

Section 1. Section 6 of Executive Order No. 122-C is hereby amended to read as follows:

“Section 6. Membership. The Office shall be composed of an Executive Director and two (2) Deputy Executive Directors, all of whom shall be appointed by the President. The Executive Director shall have the rank of a Department Undersecretary while the Deputy Executive Directors shall have the rank of an Assistant Secretary.”

Section 2. Section 10 of Executive Order No. 122-C is hereby amended to read as follows:

“Section 10. Services. The Services shall consist of the Administrative Service, Planning Service, Finance and Management Service and Legal Service each of which shall be headed by a Staff Director with the same compensation as that of an Assistant Staff Bureau Director.”

Section 3. Section 15 of Executive Order No. 122-C is hereby amended to read as follows:

“Section 15. Bureaus. The Bureaus of the Office shall consist of the Bureau of Economic Affairs, Bureau of Cultural Affairs and Bureau of Tribal Relations and External Affairs, each of which shall be headed by a Director equivalent to a Staff Bureau Director.”

Section 4. Sections 16, 17 and 18 of Executive Order No. 122-C are hereby amended to read as follows:

“Section 16. Bureau of Economic Affairs. The Bureau of Economic Affairs shall be responsible for staff functions relative to:

(a) Development and promotion of economic livelihood projects and programs through the extension of loans, entrepreneurship, trade and marketing assistance to the members of the concerned cultural communities;



(b) Formulation of land-use development policies and plans for ancestral and tribal lands including settlement areas for the cultural communities; and

(c) Conduct of researches and studies to serve as inputs to policy and plan formulation and implementation relative to the development, protection and conservation of the physical environment of the cultural minorities, including the provision of medical assistance, nutrition services, and training on community self-help projects.”

“Section 17. Bureau of Cultural Affairs. The Bureau of Cultural Affairs shall be responsible for staff functions relative to:

(a) Formulation of policies, plans and programs on the preservation and development of the culture, traditions, institutions and well-being of the concerned cultural communities;

(b) Conduct of researches and studies relative to the development of the cultural communities to serve as inputs to policy and plans formulation and programs/projects implementation;

(c) Development of guidelines and procedures in the promotion of goodwill between the tribes and cultural communities and the mainstream populace; and

(d) Coordination with appropriate government agencies in the development and implementation of cultural programs and projects, to include education and scholarship programs for poor but deserving members of the cultural communities.”

“Section 18. Bureau of Tribal Relations and External Affairs. The Bureau of Tribal Relations and External Affairs shall be responsible for staff functions relative to:

(a) Planning, conceptualization and monitoring of projects and activities to promote peace and harmony within, between and among the concerned cultural communities;

(b) Coordination with the different tribal institutions to strengthen the relationship and to settle disputes through the provision of advice and peaceful negotiation; and

(c) Liaison with local, international and non-government organizations in the activities of the cultural communities.”

Section 5. Separability. Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

Section 6. Repealing Clause. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

Section 7. Effectivity. This Executive Order shall take effect immediately.

Done in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:  
(Sgd.) JOKER P. ARROYO  
Executive Secretary

*Source:* **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.

MALACAÑANG  
MANILA

**EXECUTIVE ORDER NO. 294**  
AMENDING EXECUTIVE ORDER NO. 122-B ENTITLED, “CREATING THE OFFICE  
FOR NORTHERN CULTURAL COMMUNITIES”

WHEREAS, Executive Order No. 122-B created the Office for Northern Cultural Communities;  
WHEREAS, there is need to provide budgetary appropriation to this Office to enable it to perform its functions;

WHEREAS, it is necessary to delineate responsibilities for policy and plan formulation and program implementation consistent with the principle of decentralization;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 6 of Executive Order No. 122-B is hereby amended to read as follows:

“SECTION 6. Membership. The Office shall be composed of an Executive Director and two (2) Deputy Executive Directors, all of whom shall be appointed by the President. The Executive Director shall have the rank of a Department Undersecretary while the Deputy Executive Directors shall have the rank of an Assistant Secretary.”

SECTION 2. Section 10 of Executive Order No. 122-B is hereby amended to read as follows:

“SECTION 10. Services. The Services shall consist of the Administrative Service, Planning Service, Finance and Management Service and Legal Service each of which shall be headed by a Staff Director with the same compensation as that of an Assistant Staff Bureau Director.”

SECTION 3. Section 15 of Executive Order No. 122-B is hereby amended to read as follows:

“SECTION 15. Bureaus. The Bureaus of the Office shall consist of the Bureau of Economic Affairs, Bureau of Cultural Affairs and Bureau of Tribal Relations and External Affairs, each of which shall be headed by a Director Equivalent to a Staff Bureau Director.”

SECTION 4. Sections 16, 17 and 18 of Executive Order No. 122-B are hereby amended to read as follows:

“SECTION 16. Bureau of Economic Affairs. The Bureau of Economic Affairs shall be responsible for staff functions relative to:

(a) Development and promotion of economic livelihood projects and programs through the extension of loans, entrepreneurship, trade and marketing assistance to the members of the concerned cultural communities;

(b) Formulation of land-use development policies and plans for ancestral and tribal lands including settlement areas for the cultural communities; and

(c) Conduct of researches and studies to serve as inputs to policy and plan formulation and implementation relative to the development, protection and conservation of the physical environment of the cultural minorities, including the provision of medical assistance, nutrition services, and training on community self-help projects.”

“SECTION 17. Bureau of Cultural Affairs. The Bureau of Cultural Affairs shall be responsible for staff functions relative to:

(a) Formulation of policies, plans and programs on the preservation and development of the culture, traditions, institutions and well-being of the concerned cultural communities;

(b) Conduct of researches and studies relative to the development of the cultural communities to serve as inputs for policy and plans formulation and programs/projects implementation;

(c) Development of guidelines and procedures in the promotion of goodwill between the tribes and cultural communities and the mainstream populace; and

(d) Coordination with appropriate government agencies in the development and implementation of cultural programs and project, to include education and scholarship programs for poor but deserving members of the cultural communities.”

“SECTION 18. Bureau of Tribal Relations and External Affairs. The Bureau of Tribal Relations and External Affairs shall be responsible for staff functions relative to:

(a) Planning, conceptualization and monitoring of projects and activities to promote peace and harmony within, between and among the concerned cultural communities;

(b) Coordination with the different tribal institutions to strengthen the relationships and to settle disputes through the provision of advice and peaceful negotiation; and

(c) Liaison with local, international and non-government organizations in the activities of the cultural communities.”

SECTION 5. Section 28 of Executive Order No. 122-B is hereby amended to read as follows:

SECTION 28. Funding. Funds needed to carry but the provisions of this Executive Order shall be made available by the Department of Budget and Management out of the Compensation and Organization Adjustment Fund or any such funds from the National Treasury.”

SECTION 6. Separability. Any portion or provision of this Executive Order that may be declared as unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions or provisions can still subsist and be given effect in their entirety.

SECTION 7. Repealing Clause. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 8. Effectivity. This Executive Order shall take effect immediately.

Done in the City of Manila, this 25th day of July, in the year of Our Lord, nineteen hundred and eighty-seven.

(Sgd.) CORAZON C. AQUINO

By the President:

(Sgd.) JOKER P. ARROYO

Executive Secretary

Source: **Presidential Management Staff**

Office of the President of the Philippines. (1987). *[Executive Order Nos.: 171 - 390]*. Manila: Presidential Management Staff.



President Corazon C. Aquino receives a copy of the Constitution, while Vice President Salvador Laurel and Constitutional Commission President Cecilia Muñoz Palma look on.









